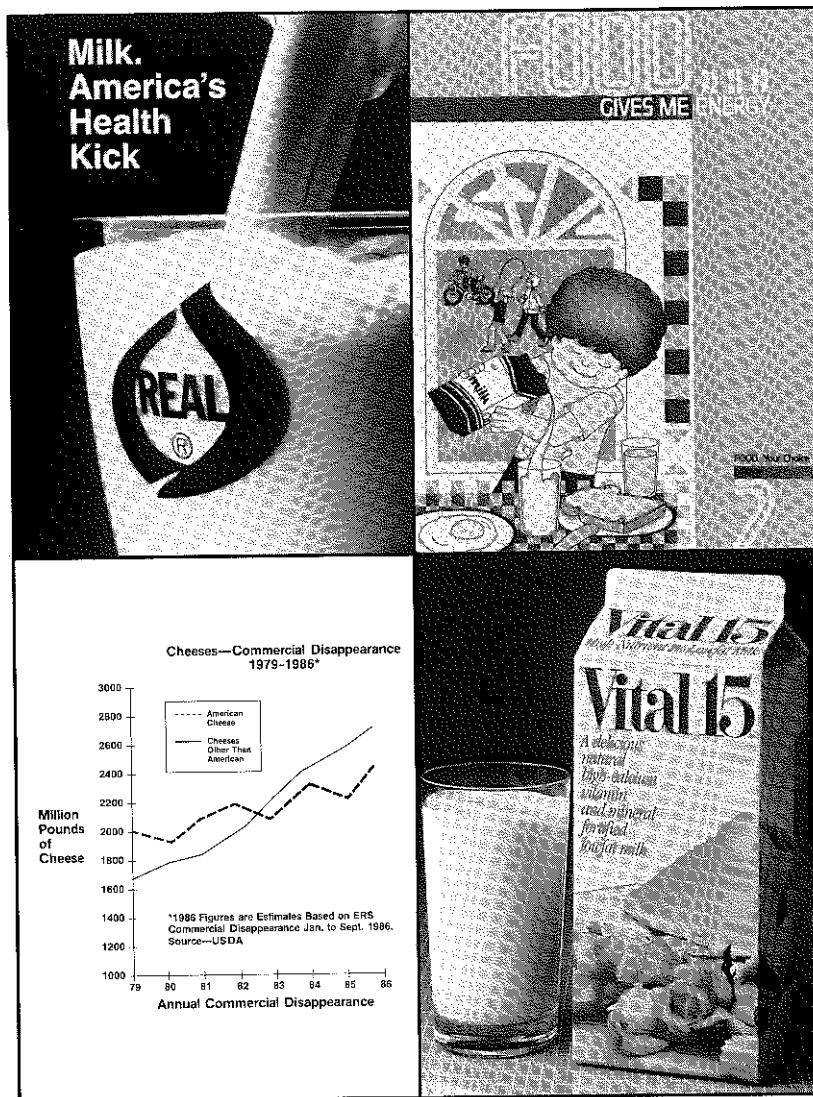


Dairy Promotion in the United States 1979-1986

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The History and Structure of the National
Milk and Dairy Product Promotion Program
with Special Reference to New York



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PREFACE

The main objective of this report is to provide a descriptive history of milk and dairy product promotion in the U.S. from 1979 to 1986, with special reference to New York State. Funds for its completion were provided by the New York Milk Promotion Advisory Board using assessments collected from the state's dairy producers under the New York Dairy Promotion Order. This report extends two previous publications on dairy promotion that were written by Leland Spencer (1963) and Robert Stavins and Olan Forker (1979).

This study describes the structure and programs of the key national dairy promotion organizations, all eight of the state or regional organizations funded by New York dairy producers, as well as several other promotion organizations deemed important to an overall understanding of the dairy promotion effort in the U.S. Readers should note that the U.S. dairy promotion effort is currently in a tremendous state of flux. Mergers and dissolutions--actual, proposed, and predicted--are quickly changing the structure and programs of the many dairy promotion organizations in the U.S. This report therefore attempts to provide as thorough a description as possible of dairy promotion organizations through 1986, but does not detail any changes that may have occurred since then.

The authors thank the numerous individuals who furnished information and reviewed sections of this report. Their names and affiliations are provided at the end of this publication. Thanks are also due Barbara Littlefair and Holly Knickerbocker who typed the first draft and to Wendy Barrett who typed the final copy. Joe Baldwin prepared the illustrations and Cornell University's Media Services produced the cover.

CHRONOLOGY OF EVENTS RELATING TO DAIRY PROMOTION IN THE U.S.

1978

- June First meeting of the Third New York State Milk Promotion Advisory Board.
- July Third amendment to New York's Dairy Promotion Act of 1969 takes effect--a hearing for the sole purpose of setting a new assessment rate does not otherwise affect the continuance of the New York Dairy Promotion Order.
- September ADA introduces a new fluid milk theme, "Milk's the One."

1979

- December Ten federal order promotion and advertising agencies terminate operations.

1980

- American Dairy Association and Dairy Council of New York, Inc. changes its name to American Dairy Association and Dairy Council, Inc.
- January NDC introduces Food...Early Choices.
- February Hearing held in Syracuse on amendments to the New York Dairy Promotion Order.
- March "REAL" Seal transferred to UDIA/ADA from California Milk Producers Advisory Board for nationwide administration and promotion.
- August Referendum to amend and to extend the New York Dairy Promotion Order begins.
- September ADA conducts first national, industry-supported cheese promotion from September through November.
- December New York Commissioner of Agriculture and Markets announces approval of amendments to the New York order and its extension for a fourth three-year period.

1981

- January Amendments to the New York Dairy Promotion Order raising the maximum assessment rate take effect.

January	The New York dairy promotion assessment rate increases from 5 cents per cwt. to 7.5 cents per cwt.
	ADA introduces a new fluid milk theme, "Milk. The Fresher Refresher."
March	The Dairy, Food and Nutrition Council expands into north-eastern Pennsylvania.
May	The New York Dairy Promotion Order begins its fourth three-year period.
	The New York dairy promotion assessment rate increases from 7.5 cents per cwt. to 8 cents per cwt.
July	First meeting of the Fourth New York State Milk Promotion Advisory Board.
 <u>1982</u>	
January	The Commercial Development Division of the UDIA is restructured as DRINC Development, Inc., a wholly owned subsidiary of UDIA.
May	The New York dairy promotion assessment rate increases from 8 cents per cwt. to 8.5 cents per cwt.
 <u>1983</u>	
June	Wisconsin Milk Marketing Board, Inc. is founded.
July	Wisconsin's Milk Marketing Order takes effect.
September	ADA introduces a new fluid milk theme, "Milk's Got More."
November	Referendum to extend the New York Dairy Promotion Order begins.
	The Dairy and Tobacco Adjustment Act of 1983 is enacted on November 29, 1983.
 <u>1984</u>	
March	The Wisconsin Milk Marketing Board joins the UDIA.
	New York's Commissioner of Agriculture and Markets announces approval of extension of the promotion order for a fifth three-year period.

March The national Dairy Promotion and Research Order is issued by the USDA on March 23.

May The New York Dairy Promotion Order begins its fifth three-year period.

 The national Dairy Promotion and Research Order goes into effect on May 1.

 The first National Dairy Promotion and Research Board is appointed and begins work.

 Dairy, Food and Nutrition Council adds another eight counties in northeastern Pennsylvania.

 Dairy Promotion Federation Association (DPFA) is formed on May 25.

1985

January ADA introduces a new fluid milk theme, "Milk. America's Health Kick."

March USDA adopts final rules governing referenda on the national Dairy Promotion and Research Order.

August Referendum begins to determine whether the national Dairy Promotion and Research Order will continue.

September U.S. Secretary of Agriculture announces that the results of the national referendum favor continuation of the Dairy Promotion and Research Order.

1986

March The Dairy Council of Metropolitan New York, Inc. and the Dairy, Food and Nutrition Council, Inc. consolidate, forming Dairy Council, Inc.

July New York's Dairy Promotion Act of 1969 is amended, abolishing the requirement that a referendum on the order be held every three years and reducing the percentage of dairy farmers needed to petition for a hearing from 25 percent to 10 percent.

October The Dairy Council on the Niagara Frontier Area, Inc. and Dairy Council of Rochester, Inc. sign affiliation agreements with Dairy Council, Inc.

December The Dairy Promotion Federation Association terminates operations on December 31.

REVIEW OF DAIRY PROMOTION PROGRAMS AND FUNDING METHODS, 1915-1979

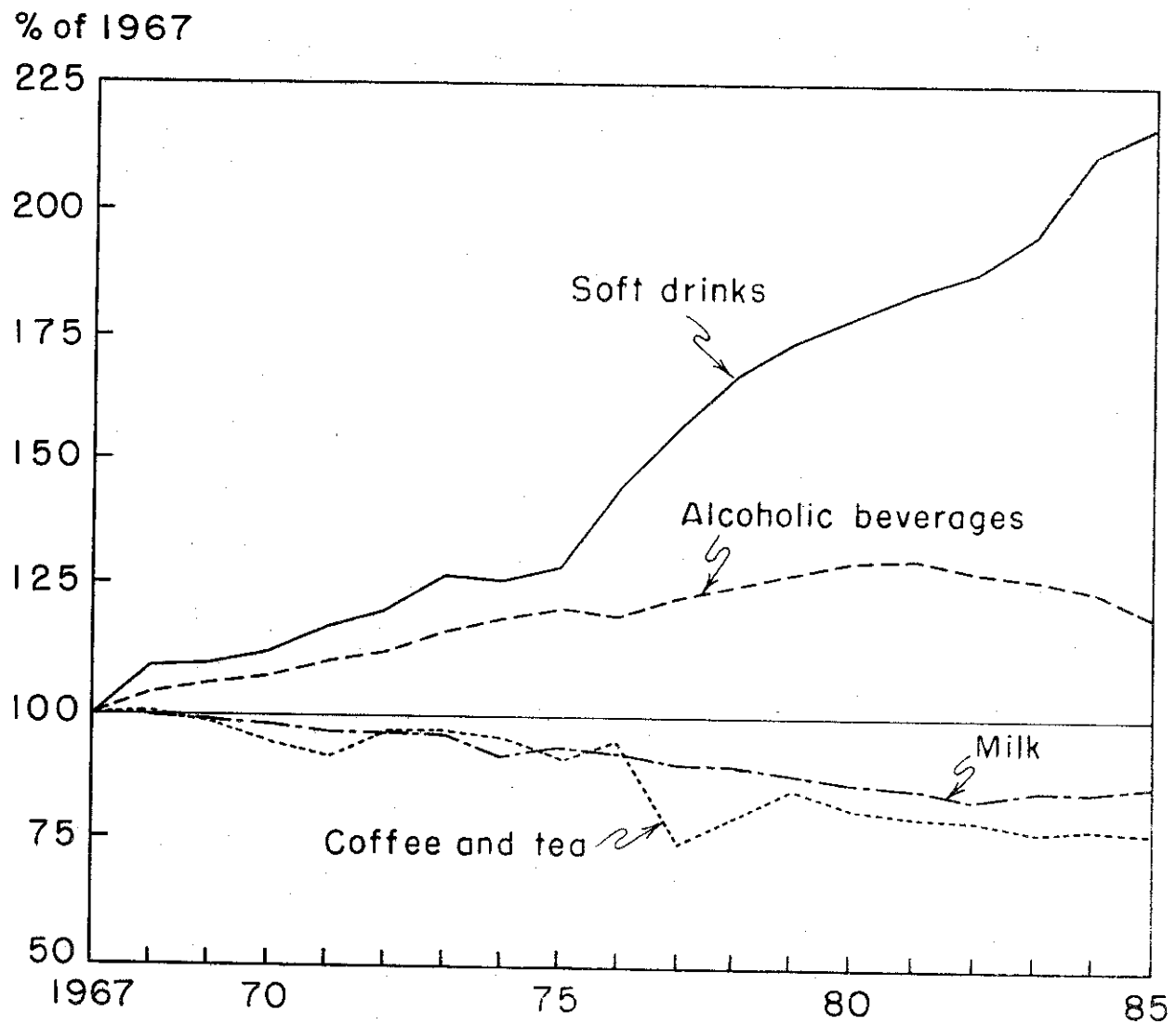
Food and beverage consumption patterns related to milk and dairy products and their competitors have changed markedly during the past 20 years. Since 1967, for example, per capita consumption of milk has fallen roughly 20 percent while per capita consumption of one of milk's major competitors, soft drinks, has more than doubled (Figure 1.1). Although recent figures show a promising slight turnaround in the per capita sales of fluid milk products (Table 1.1), dairy producers remain concerned about competition in the marketplace.

National per capita consumption patterns within the dairy sector itself have also changed dramatically over the past two decades. Since 1965, per capita sales for all dairy products except cheese and dry whole milk have dropped (Table 1.1). Per capita sales of fluid milk products, for example, were 28 percent lower in 1984 than in 1965, and per capita butter sales were 39 percent lower. Per capita cheese sales, on the other hand, had more than doubled (Figure 1.2).

Besides decreasing their per capita consumption of fluid milk products, consumers have also altered their consumption patterns of these key fluid products. In New York, per capita sales of whole milk were 30 percent lower in 1985 than in 1975, while per capita sales of lowfat milk were a startling 217 percent higher (Table 1.2 and Figure 1.3). These New York figures reflect the changes that have been occurring nationally within the market for fluid milk products.

Dairy leaders have long been concerned about the overall decline in the per capita consumption of milk and dairy products. As one means of stemming these declines, dairy producers have for over 70 years supported national, and state or regional programs whose primary purpose

FIGURE 1.1 PER CAPITA CONSUMPTION OF BEVERAGES



SOURCE: United States Department of Agriculture, 1986 Agricultural Chartbook.

TABLE 1.1 PER CAPITA FLUID MILK AND DAIRY PRODUCT SALES, UNITED STATES, 1960, 1965, 1970, 1975-1985

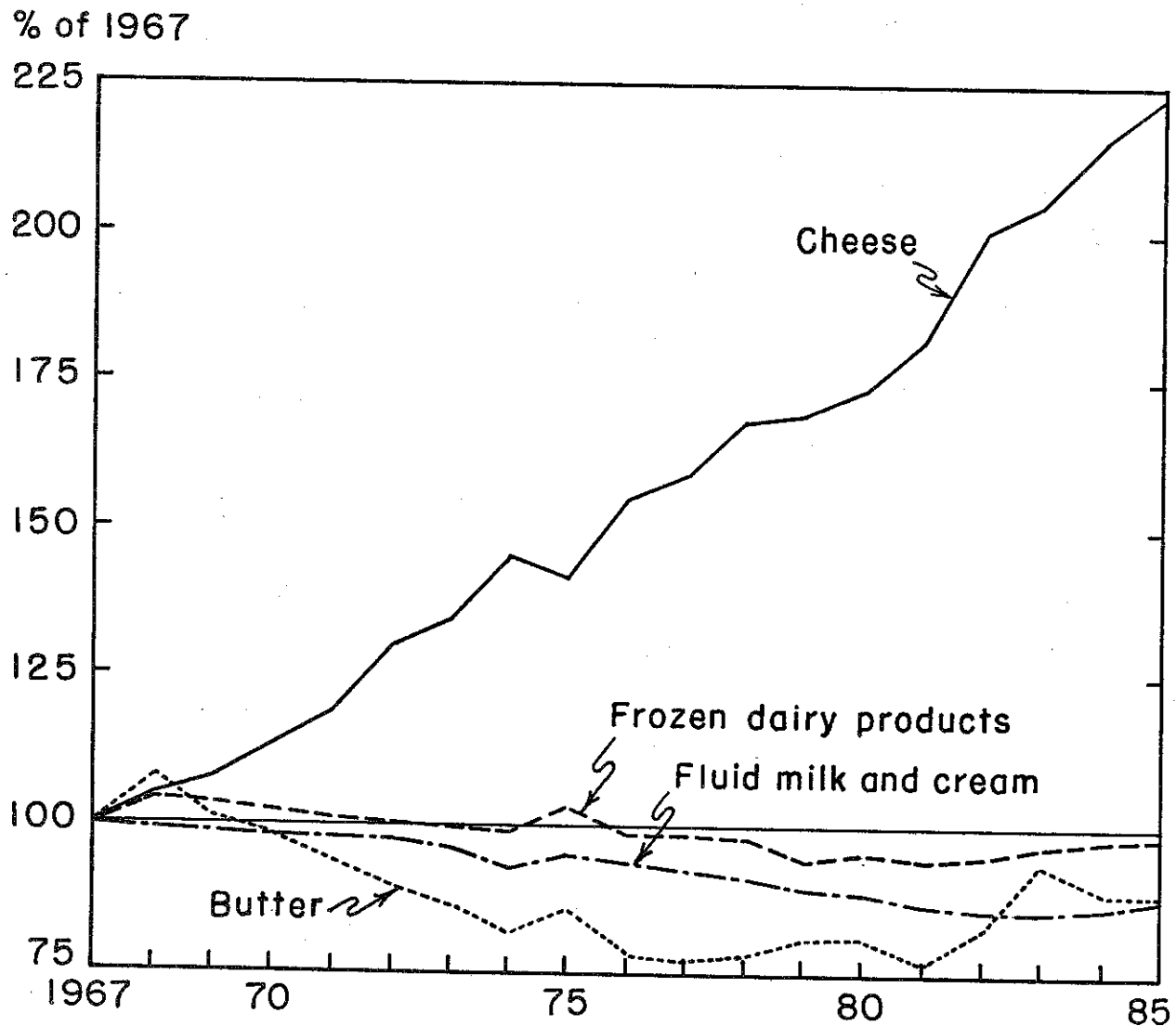
Year	Fluid Milk Products ^a	Cheese		Butter	Pounds Per Capita					Nonfat Dry Milk	Ice Cream
		American	Other		Cottage Cheese	Evaporated and Condensed Whole Milk	Dry Whole Milk				
1960	322	5.4	2.9	7.5	4.8	13.7	.3	6.2	18.3		
1965	302	6.2	3.4	6.4	4.7	10.7	.3	5.6	18.5		
1970	264	7.1	4.4	5.3	5.2	7.1	.2	5.4	17.7		
1975	246	8.3	6.2	4.8	4.8	5.3	.1	3.3	18.7		
1976	239	8.8	6.6	4.3	4.7	4.8	.2	3.4	18.1		
1977	236	8.7	6.8	3.9	4.7	4.2	.2	3.2	17.7		
1978	232	9.3	7.3	4.0	4.7	4.0	.3	2.9	17.6		
1979	230	9.4	7.6	4.1	4.5	4.0	.3	3.0	17.3		
1980	225	8.9	7.9	3.9	4.5	3.7	.3	2.8	17.5		
1981	220	9.3	8.0	3.8	4.3	4.0	.4	2.0	17.4		
1982	214	9.3	8.6	3.9	4.2	3.9	.4	1.9	17.6		
1983	214	8.9	8.9	3.8	4.1	3.7	.4	1.9	18.1		
1984 ^b	216	9.5	9.6	3.9	4.1	3.6	.4 ^b	2.0 ^b	18.2 ^b		
1985 ^b	NA	9.5	10.1	3.9	4.1	3.6	.4	1.8	18.1		

SOURCE: United States Department of Agriculture, Economic Research Service, Dairy Situation and Outlook Report, Washington, DC, DS-407, October 1986, p. 17.

^aWhole milk equivalent (fat-solids basis) of fluid whole milk, cream (including milk and cream mixtures), skim milk, buttermilk, flavored milk drinks, and yogurt.

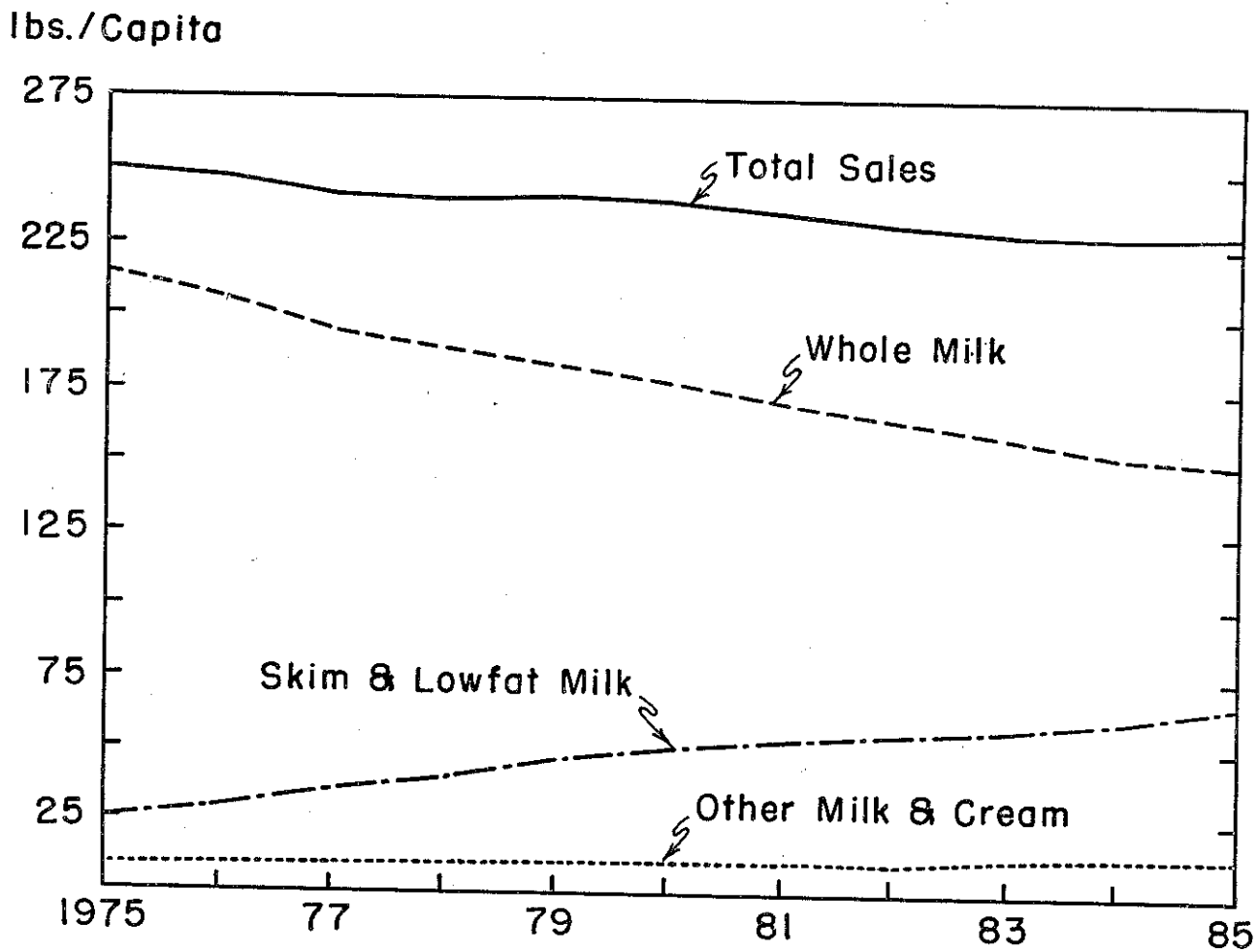
^bPreliminary or estimated.

FIGURE 1.2 PER CAPITA CONSUMPTION OF SELECTED DAIRY PRODUCTS



SOURCE: U.S. Department of Agriculture, 1986 Agricultural Chartbook.

FIGURE 1.3 ANNUAL PER CAPITA SALES OF FLUID MILK PRODUCTS IN NEW YORK STATE, 1975-1985



SOURCE: Department of Agriculture and Markets, Division of Dairy Industry Services, New York Dairy Statistics 1985 Annual Summary, Albany, NY.

TABLE 1.2 ANNUAL PER CAPITA SALES OF FLUID MILK PRODUCTS IN NEW YORK STATE, 1975-1985^a

Year	Whole Milk ^b	Lowfat Milk	Skim Milk	Flavored Milk and Buttermilk	Cream ^c	Total
<u>Pounds Per Capita</u>						
1975	213.5	17.7	9.1	6.0	3.5	249.8
1976	205.5	20.5	9.9	7.0	3.6	246.5
1977	194.0	25.3	10.6	8.0	3.3	241.2
1978	188.0	29.6	10.6	7.8	3.5	239.5
1979 ^d	182.5	35.7	10.3	7.7	3.8	240.0
1980	176.2	41.0	9.3	7.6	4.2	238.3
1981	169.7	44.6	8.7	7.2	4.3	234.5
1982	164.0	46.9	8.4	6.9	4.5	230.7
1983	157.5	49.2	8.2	8.2	4.5	227.6
1984	152.1	51.7	8.8	8.9	4.7	226.2
1985	148.4	56.1	9.6	9.1	4.9	228.1

SOURCE: Department of Agriculture and Markets, Division of Dairy Industry Services, New York Dairy Statistics 1985 Annual Summary, Albany, NY.

^aPrior to 1979, these figures did not include sales in New York State by out-of-state plants. Since 1979, this table includes total fluid sales.

^bWhole and standardized milk.

^cIncludes half and half.

^dThe sales for 1979 were adjusted to account for milk purchased out-of-state during the April and May fluid milk strike in New York City.

is to promote sales of milk and dairy products among consumers.¹ This publication identifies these promotional programs and discusses what they are doing to increase the demand for milk and dairy products in the U.S.

National Programs and Funding Methods

During the first half of the twentieth century, two national organizations were founded whose principal aims were to increase consumption and sales of dairy products.² In 1915, leaders of various producer and dealer groups organized the National Dairy Council (NDC). The major focus of NDC's activities was, and continues to be, to emphasize the importance of milk and dairy products in a healthy diet. From the beginning, the Council has operated a two-part program of nutrition education, aimed mainly at school children, and nutrition research to support its teaching efforts.

Twenty-five years after the NDC was founded, the dairy industry expressed a need for other forms of dairy promotion. As a result, the American Dairy Association (ADA) was formed in 1940 to carry out activities in the areas of advertising and merchandising. Over the years, the ADA has developed national programs of advertising, merchandising, public relations, and product and market research. In 1969, ADA's product research division became a separate corporation, Dairy Research, Inc. (DRINC).

Since their founding, both the NDC and ADA were dependent primarily on the nation's dairy producers for financial support. As a result, these two organizations often competed with each other for funds. Furthermore, by the late 1960s dairy industry leaders were concerned that the ADA and NDC were beginning to overlap in terms of responsibilities and programming, and that communications between the two organizations were inadequate.

United Dairy Industry Association

In 1969 the ADA and NDC hired a consulting firm to study the feasibility of the two organizations becoming more closely related. The study concluded that although closer cooperation between the NDC and ADA was necessary, it was important that they maintain separate corporate identities. After two more years of study, the United Dairy Industry Association (UDIA) was formed in 1971 "to eliminate duplication of

¹For a definition of promotion as well as its components, see Appendix 1.

²For a detailed description of national promotion programs from 1915 to 1963, see Spencer, and from 1964 to 1979, see Stavins and Forker.

promotion efforts (and funding efforts), to coordinate diverse educational, research and promotional programs, and to concentrate dollars to achieve the greatest market input."³

The UDIA has served as an umbrella organization for the ADA, NDC, and DRINC. The three organizations merged in certain respects, yet they continued to function as independent and relatively autonomous corporations. In 1979, UDIA's budget amounted to \$7.8 million, with ADA receiving approximately \$3.0 million, NDC \$2.1 million, and DRINC \$654,000. UDIA used the remaining \$2.0 million for its own program areas and administration.

The COW Board and ADA of Wisconsin

In 1979 UDIA had 20 member organizations and 37 affiliated Dairy Council units that operated in 42 states. Two major dairy-producing regions--the Far West and Wisconsin--chose, however, not to participate in the UDIA.

In 1970 the independent dairy promotion organizations in California, Oregon, and Washington began cooperative activities in media advertising and in-store merchandising. This unofficial affiliation, dubbed the COW Board, permitted these states to purchase promotional materials from each other and to make West Coast network buys of television advertising time at substantial savings. A fourth agency, the United Dairymen of Arizona, participated in meetings of the COW Board as an "affiliate" member.

Because of high assessment and producer-participation rates, the budgets of the COW Board organizations in 1979 were large: California Milk Producers Advisory Board, \$13.1 million; Oregon Dairy Products Commission, \$1.1 million; Washington Dairy Products Commission, \$2.5 million; and United Dairymen of Arizona, \$750,000.

Also in 1970, the promotion agency representing the nation's top milk-producing state, the American Dairy Association of Wisconsin (ADA of Wisconsin), withdrew from the ADA when the UDIA was formed and became an independent organization. During the early 1970s there was little contact between the ADA of Wisconsin and the UDIA; however, in 1979 relations improved and the ADA of Wisconsin began a limited cooperative relationship with the UDIA. The ADA of Wisconsin's 1979 income totaled \$1.7 million.

Through UDIA's member organizations and affiliated Dairy Council units, the California, Oregon, and Washington organizations, and the ADA of Wisconsin, dairy producers throughout the U.S. were investing more than \$60 million in 1979 to promote their dairy products.

³United Dairy Industry Association, Meet UDIA, QA-0776, Rosemont, IL, 1976.

TABLE 1.3 METHODS AND RATES OF SUPPORT, AND PARTICIPATION RATES OF SELECTED DAIRY PROMOTION ORGANIZATIONS, 1979

Organization	Method & Rate of Support	Approximate Participation Rate ^a
ADA&DCNY, Inc.	NY Dairy Promotion Order: 5¢/cwt.	100%
	State Order: 8¢/cwt.	100%
	NJ F.O. 2 Order: 5¢/cwt.	100%
	Positive Letter (PA): 5¢/cwt.	30%
ADA of Atlantic (F.O. 4)	Positive Letter: 5¢/cwt.	10%
	Federal Promotion Order: 7¢/cwt.	90%
ADA of Illinois (F.O. 32)	Positive Letter & Cooperative Action: 2¢/cwt.	58%
(F.O. 50)	Super Pool: 5¢/cwt.	95%
	Super Pool: 4½¢/cwt.	100%
ADA of Indiana (F.O. 49)	Positive Letter: 2¢/cwt.	16%
	Federal Promotion Order: 5¢/cwt.	90%
ADA of Michigan	Super Pool: 8¢/cwt.	95%
	Mfg. Voluntary: 2¢/cwt.	45%
ADA of Wisconsin	Voluntary: 0.33% of gross milk check	25%
California Milk Producers Advisory Board	State Law: 1% of gross income for all Grade A milk produced	100%
Dairy Farmers, Inc.	Cooperative Action: 8¢/cwt.	70%
	Voluntary: 5¢/cwt.	29%
Maine Milk Program	State Tax: 8¢/cwt.	100%
Mid East UDIA (F.O. 33)	Super Pool: 5¢/cwt.	88%
(F.O. 36)	Federal Promotion Order: 5¢/cwt.	76%
Milk Promotion Services, Inc.	Cooperative Action and Positive Letter: 8¢/cwt.	83%
	Vermont State Tax: 1¢/cwt. and Cooperative Action: 7¢/cwt.	100%
Oregon Dairy Products Commission	State Law: 1.1% of gross farm gate income for all milk sold	99%
Washington Dairy Products Commission	State Law: 0.8% of Class I price	100%

SOURCE: Robert N. Stavins and Olan D. Forker, Dairy Promotion in New York State, 1963-1979, pp. 154-155, 185.

^aNumber of producers participating as a percentage of all producers in the area.

Funding Methods

From 1915 to 1963 the support of dairy promotion programs in most areas of the U.S. was on a voluntary basis. This funding approach created two major concerns. First, it resulted in an inequitable sharing of costs, since all producers--not simply those that participated in funding--stood to gain from the efforts of the promotional programs. Second, voluntary funding required substantial expenditures for membership solicitation and collection of funds.

During the 1950s and 1960s a number of different funding methods evolved. In 1955 the director of the dairy division of the Agricultural Marketing Service (of the U.S. Department of Agriculture) issued a memorandum that established a funding procedure for promotional programs within federal milk marketing orders which became known as the positive letter. This procedure basically required handlers to notify producers that a specified deduction from milk paychecks would be made on behalf of their order's ADA, Dairy Council, or other promotional organizations, unless the producer objected. This procedure, however, did not guarantee a high participation rate. To assure full producer participation in the funding of promotional programs, several states established a mandatory nonrefundable assessment on marketed milk.

Some advocates of dairy promotion maintained that the federal and state marketing orders could serve as efficient mechanisms to collect promotional funds. However, the Agricultural Marketing Agreement Act of 1937, under which federal milk marketing orders were issued, was officially interpreted as not authorizing mandatory deductions for milk promotion. In the early 1960s several attempts were made in the U.S. Congress to amend the act so that such deductions could be administered. In January 1971 such an amendment, Public Law 91-670, was enacted.

PL 91-670 provides that federal milk marketing orders may establish research and development projects, and advertising (excluding brand advertising), sales promotion, and education programs designed to increase the consumption of dairy products. A "dairy promotion order" must be approved by an order's producers in the same manner as a marketing order is approved. Producers who did not wish to participate in an approved promotion program could demand and receive a refund of the promotional assessment (the so-called "ask out provision"). In 1978, 16 federal orders had promotion programs.

Table 1.3 illustrates the variety of funding mechanisms that were being used by selected dairy promotion organizations throughout the U.S. in 1979 as well as the disparity that existed in assessment rates and producer-participation rates.

New York State Dairy Promotion Programs

Dairy promotion in New York State from 1915 to 1979 mirrors in many ways what was occurring on the national level. Its history can be divided into three fairly distinct parts: 1915-1969, when the funding

of promotional programs was mostly voluntary; 1969-1972, a period of transition between voluntary and mandatory funding; and 1972-1979, a period of mandatory assessments under the New York Dairy Promotion Order.

Voluntary Funding: 1915-1969

Although this earliest time period is characterized primarily by the voluntary funding of New York dairy promotion programs, repeated attempts at mandatory funding were made. The first attempt occurred in 1934 when the State Bureau of Milk Publicity was established. The bureau, which was supported by a tax on dealers and producers, was discontinued in 1942 due to a lack of producer support and since wartime demand assured a dependable market for milk.

In 1945 the American Dairy Association of New York (a unit of the ADA) was formed, and in 1949 the first Dairy Council unit was established in the state. Because these two organizations immediately found themselves competing for funds, dairy leaders formed a joint funding agency, Milk for Health, Inc., in 1949. By 1956 some 70 percent of producers were voluntarily supporting Milk for Health (which, in turn, divided its funds among the ADA of New York and the Dairy Council units) at the rate of one cent per hundredweight (cwt.) of milk marketed.

The Dairymen's League, a cooperative that made blanket contributions on behalf of its members, became the principal contributor to Milk for Health. When the league found it was contributing nearly half of Milk for Health's income, although its members constituted only one-fourth of the producers who benefited from the promotion programs, it withdrew its support in 1958. As a result, Milk for Health was forced to cease operations.

New York-New Jersey Milkshed. The four major cooperatives in the New York-New Jersey marketing area then established a Producers Milk Market Development Board in August 1958 to conduct a milk promotion program. The positive letter procedure was to be used with an assessment rate of one cent per cwt. The program was to terminate whenever more than 25 percent of the eligible producers failed to contribute. The market administrator sent out more than 47,000 positive letters in 1959. When approximately 28 percent of the producers immediately requested that the deductions not be made from their milk checks, the Producers Milk Market Development Board was terminated before it ever began.

When it became clear that the Producers Milk Market Development Board was not going to succeed, the two national dairy promotion organizations (ADA and NDC) established a joint organization, the American Dairy Association and Dairy Council of New York, Inc. (ADA&DCNY) in 1960. The main purpose of the ADA&DCNY was to solicit funds for ADA, NDC, and the Dairy Council units in New York State.

In January 1960 ADA&DCNY began its "down-the-road" sign-up campaign. Although this campaign was successful in terms of total sign-ups, it also became a very expensive way to attract funds. As a result, the board of directors of ADA&DCNY opted for the positive letter funding approach, which the board believed would substantially reduce ADA&DCNY's administrative and membership costs. In March 1968, positive letters were distributed, and about 72 percent of those receiving the letter agreed to contribute at a three cents per cwt. rate. ADA&DCNY's annual income increased from \$1.1 million in 1967 to \$1.9 million in 1969 while administrative costs were reduced with this positive letter funding approach.

In addition to ADA&DCNY, six Dairy Council units were operating in the New York-New Jersey milkshed by 1969: Dairy Council of Northern New Jersey, Inc., Dairy Council of Northeastern New York, Inc., Dairy Council of the Southern Tier of New York, Inc., Dairy Council of the Mid-Hudson, Inc., Dairy Council of Central New York, and Dairy Council of Metropolitan New York (DCMNY). The four upstate units received funds through ADA&DCNY and through handler contributions at the rate of 1.25 cents per cwt. of Class I milk. Nearly all of the funds for DCMNY came from ADA&DCNY.

Rochester and Niagara Frontier Areas. The dairy promotion programs in the Rochester and Niagara Frontier state milk marketing orders evolved independently from those in the New York - New Jersey Federal Order 2 area. The two major differences between promotion programs in these two state orders and the federal order in 1969 were that the Rochester and Niagara Frontier programs were financed locally rather than through the ADA&DCNY, and that cooperatives played a critical role in their funding.

Producer-financed milk promotion programs began in the Rochester area in 1945 with a two cents per cwt. assessment on June milk production. Promotion programming was formalized with the founding of the Dairy Council of the Rochester Area in 1952 and the Rochester Health Foundation (RHF) in 1954. RHF's purpose resembled that of the ADA--to increase milk consumption through advertising, research, and other means of sales promotion.

Until May 1958, cooperatives in the Rochester order voluntarily contributed three cents per cwt. to RHF and one cent per cwt. to Milk for Health, Inc. When Milk for Health ceased operations, the entire four-cent contribution went directly to RHF. In January 1963, the 1956 New York Milk Control Law amendment was incorporated into the Rochester order. This amendment permitted cooperatives to be reimbursed from pool funds for up to 80 percent of their expenditures on approved promotion programs. Thus, from 1963 to 1969 all producers supplying the Rochester market were sharing in the cost of promotion at the rate of four cents per cwt.

The Dairy Council of the Rochester Area received producer funds through the Rochester Health Foundation (at a rate of three-fourths cent per cwt. in 1969) and handler funds through voluntary contributions (at

the rate of one cent per cwt. of milk disposed of as fluid milk and cream).

Milk and dairy product promotion in the Buffalo area began in 1948 when producers made voluntary contributions of two cents per cwt. of milk marketed in June. The monies were turned over to the American Dairy Association through Milk for Health, Inc. Local promotion programming was formally organized in 1949 with the founding of Milk for Health on the Niagara Frontier, Inc. (MHNF). From 1949 to 1956 promotion was financed by blanket contributions from cooperatives and by individually authorized deductions by independent producers at the initial assessment rate of three cents per cwt. Although producer funding of MHNF was voluntary, more than 87 percent of the area's dairy farmers were contributing by 1955. In 1956, the Niagara Frontier order was amended to provide for the direct financing of milk promotion (as allowed by the 1956 amendment to the New York State Milk Control Law).

During the period 1962 to 1969, MHNF was funded at an assessment rate of four cents per cwt. The Dairy Council of the Niagara Frontier Area, which was founded in 1963, was funded solely by producers through MHNF.

Transition to Mandatory Assessment: 1969-1972

During the late 1960s dairy promotion in New York was being funded at a higher level than ever before due primarily to the positive letter program in the Federal Order 2 market. Despite this success, there was a growing dissatisfaction with the inherent inequality of the positive letter system since not all dairy farmers contributed their "fair share" to the cost of promotion. As a result, the state's dairy leaders expressed an increased interest in alternative funding methods for milk promotion.

This interest led to the enactment of the Dairy Promotion Act of 1969, which allowed a system of mandatory statewide funding of dairy promotion to be developed. In April 1971 a proposed New York Dairy Promotion Order was submitted to the commissioner of Agriculture and Markets. The proposed order reaffirmed the basic goals of promotion that were set out in the Dairy Promotion Act of 1969 (as amended in June 1971) and established the mechanics through which a program would be funded.⁴

Under the proposed order, all producers of milk or cream in New York State for market were required to contribute to the dairy promotion effort at a uniform assessment rate. Producers marketing their milk under one of the state orders or under a federal order outside New York State where a local promotion plan was in effect were credited with the amount per cwt. they contributed to their local program. Thus,

⁴The New York Dairy Promotion Order (1 NYCRR Part 40), as amended, is included in Appendix 2.

producers in the Niagara Frontier and Rochester markets could maintain their established local programs of milk promotion. Each milk dealer receiving milk or cream from New York State producers (including dealers handling only milk of their own production) was required to deduct the assessment from the price that otherwise would be paid to producers and to pay these monies to the commissioner of Agriculture and Markets for deposit in a dairy promotion fund.

The proposed order provided for an advisory board of not more than ten milk producers that would advise and assist the commissioner in the administration of the order. Nine producers would be appointed to three-year terms by the commissioner from nominations submitted by the major farm organizations (as specified in the order), and one would be appointed to represent the interests of all other producers in New York State. The order specified a maximum assessment rate of five cents per cwt. and provided that the precise rate would be determined each year on the basis of the estimated budget submitted by the advisory board.

The order stated that the cost of administering the order could not exceed 5 percent of the annual budget. The remainder of the money was to be spent directly on those dairy promotion activities recommended by the advisory board. The order further provided that the commissioner, with the advice of the advisory board, was authorized to contract with any person or persons to conduct programs of advertising, promotion, education, publicity, information services, and marketing and dairy product research.

In late spring 1971, the commissioner was petitioned for a public hearing to consider adopting the proposed order. As specified in the Dairy Promotion Act of 1969, hearings were held, and on November 12, 1971, notification of the referendum and a copy of the proposed order were sent to each of the 21,000 dairy producers in New York.

The results of the referendum showed a total of 12,139 producers (57.9 percent of New York producers) approving the order either individually or through the written approval of their cooperative associations. Thus, the act's requirement of support by at least 51 percent of the state's producers was satisfied (Table 1.4). On March 10, 1972, the commissioner issued the Final Determination on the New York Dairy Promotion Order.

Mandatory Assessments: 1972-1979

Three advisory boards served during the 1972 to 1979 period, with the Third Advisory Board being in the middle of its term.

First Advisory Board (April 1972 - April 1975). The First Advisory Board made several key decisions that influenced board activities throughout the 1972 to 1979 period. One decision was to set the assessment rate at five cents per cwt.; the second was the selection of the combined ADA&DCNY and UDIA promotion program as the program to be funded with order funds. Total income and expenses of the New York

TABLE 1.4 SUMMARY OF NEW YORK DAIRY PROMOTION ORDER REFERENDA, 1971-72, 1974-75, AND 1977-78

	<u>First Referendum</u> Nov. 1, 1971 - Feb. 28, 1972		<u>Second Referendum</u> Nov. 1, 1974 - Feb. 28, 1975		<u>Third Referendum</u> Nov. 1, 1977 - Feb. 28, 1978	
	<u>Approvals</u>	<u>Disapprovals</u>	<u>Approvals</u>	<u>Disapprovals</u>	<u>Approvals</u>	<u>Disapprovals</u>
Individual ballots	1,122	3,120	1,436	3,522	1,369	1,757
Net votes by cooperative block voting	11,017	241	8,274	202	6,992	235
Total	12,139	3,361	9,710	3,724	8,361	1,992
Total number of producers	20,948		17,861		16,562	
Total number voting as percentage of total producers	74.0%		75.2%		62.5% ^b	
Total number of approvals as percentage of total number of producers ^a	57.9% ^a		54.4% ^a		50.5%	
Total number of approvals as percentage of total number voting ^b	78.3%		72.3%		80.8% ^b	

SOURCE: Stavins and Forker, Dairy Promotion in New York State, 1963-1979, pp. 36, 45, 49.

^aThe New York Dairy Promotion Order specified, until amended in 1977, that at least 51 percent of the state's producers had to approve the order.

^bThe amended order requires that only 51 percent of those voting approve and that at least 51 percent of all producers in the state vote.

Dairy Promotion Order during the first two advisory boards' tenures are shown in Table 1.5.

Support of the order during this early period was by no means unanimous. In 1972 the National Farmers Organization and the board of directors of the Eastern Milk Producers Cooperative supported a petition to hold another referendum. In March 1973 a petition was presented to the commissioner of Agriculture and Markets demanding a new referendum to terminate the order. The commissioner ruled, however, that the number of producers who signed the petition was less than 25 percent of the producers in the state, the minimum required by the Dairy Promotion Act of 1969. The commissioner denied the request for a new referendum.

Also in 1972 a Syracuse attorney brought legal action against the order on grounds that it was unconstitutional, the vote count was incorrect, and the manner of determining the assessment rate was improper. The New York State Supreme Court, Appellate Division, dismissed this legal action in April 1973.

A second referendum was held in late 1974 to early 1975. A total of 54.4 percent of the dairy producers in the state expressed approval of the order (Table 1.4). The commissioner, therefore, extended the order for another three-year period.

Second Advisory Board (May 1975-April 1978). The Second Advisory Board extended the First Advisory Board's contractual agreements with ADA&DCNY and its affiliated organizations, and the Departments of Food Science and Agricultural Economics at Cornell University. This board also drafted a second amendment to the promotion act which required that only 51 percent of those voting need approve the order and that at least 51 percent of all producers in the state need vote in a referendum. This amendment was enacted by the New York State Legislature in August 1977.

A legal action instituted in July 1975 against the commissioner of Agriculture and Markets also brought about a change in the referendum process. The proceeding cited improper voting procedures in the second referendum and insubstantial evidence at the hearing. The New York State Supreme Court, Appellate Division, found in favor of the commissioner and ruled that if a promotion order were not to be modified but simply extended for another three-year period, only a referendum (i.e., no hearing) would be necessary.

The third referendum was held without a hearing. Of producers casting ballots, 80.8 percent expressed approval of the promotion order, thereby extending the order for another three years (Table 1.4).

Third Advisory Board (May 1978-April 1981). Since this board was just beginning its term as the 1972 to 1979 period ended, its activities will be covered in Chapter 5 of this report.

TABLE 1.5 NEW YORK STATE PROMOTION ORDER INCOME AND EXPENSES, ^a FISCAL YEARS^b 1972-73 TO 1977-78

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
	<u>Dollars</u>					
INCOME						
Carryover funds		618,572	452,234	477,055	369,576	215,539
Assessment income	3,829,562	3,626,318	3,742,543	3,783,202	3,701,563	3,823,436
Interest earned	<u>2,395</u>	<u>9,768</u>	<u>15,708</u>	<u>16,511</u>	<u>25,863</u>	<u>32,572</u>
Total income	3,831,957	4,254,658	4,210,485	4,276,768	4,097,002	4,071,547
EXPENSES						
Nutrition education	668,971	850,986	794,750	794,750	810,371	841,612
Advertising and sales promotion	1,439,721	1,820,871	1,855,793	2,173,784	2,059,103	2,189,931
Communications and supporting services	181,964	240,850	290,145	235,876	267,320	279,187
National program support	832,702	740,884	630,834	619,070	626,922	627,270
Cornell University research	60,000	123,900	105,446	23,637	37,867	29,107
Administration	<u>30,027</u>	<u>24,933</u>	<u>56,462</u>	<u>60,075</u>	<u>85,880</u>	<u>132,952</u>
Total expenses	3,213,385	3,802,424	3,733,430	3,907,192	3,881,463	4,100,059
Carryover funds	618,572	452,234	477,055	369,576	215,539	(28,512)

SOURCES: New York State Department of Agriculture and Markets, A Report to New York State Dairy Farmers on Programs and Activities under the New York Dairy Promotion Order, June 1974, 1976, October 1977, 1978.

^aLess out-of state and state order programs.

^bThe fiscal year for the promotion order is May 1 through April 30.

Preview of the Study: Dairy Promotion Since 1979

Significant changes among dairy promotion organizations have occurred in the U.S. since 1979 as dairy producers have sought better ways to promote their products. Prompting many of these changes was the enactment of the Dairy and Tobacco Adjustment Act of 1983 whose provisions are implemented by the Dairy Promotion and Research Order of 1984. The order requires all U.S. dairy producers to remit a mandatory 15 cent per cwt. assessment for promotion purposes, and it authorizes the establishment of the National Dairy Promotion and Research Board (NDPRB). A review of the history of the act and the order as well as a detailed description of the NDPRB and its activities are provided in Chapter 2.

The United Dairy Industry Association (UDIA) is described in Chapter 3. The UDIA, which through its member organizations and affiliated Dairy Council units represented 95 percent of U.S. dairy producers in 1985, serves as the umbrella organization for the American Dairy Association, the National Dairy Council, and Dairy Research, Inc. The activities of each of these three organizations are also covered in Chapter 3.

For a short time after the establishment of the NDPRB, an organization called the Dairy Promotion Federation Association (DPFA) was formed to coordinate the advertising efforts of the NDPRB with those of the state and regional organizations. Besides its role in producing NDPRB's initial advertising programs, the DPFA is noteworthy in that it represented the first time UDIA's 20 member organizations and the three non-UDIA organizations located in California, Oregon, and Washington had formed a formal partnership. The DPFA is described in Chapter 4.

The next six chapters examine the structure and activities of state or regional programs. Chapters 5, 6, and 7 focus on New York State. Chapter 5 reviews the activities of the New York Milk Promotion Advisory Board since 1979. Detailed descriptions of the eight promotion programs funded by New York dairy producers in 1986 are provided in Chapter 6. Chapter 7 examines the advertising program of the American Dairy Association and Dairy Council, Inc. (ADADC), the primary recipient of New York's dairy promotion monies.

The promotion organizations in two other major dairy-producing areas in the U.S.--Wisconsin and the Far West--are discussed in Chapters 8 and 9. The Wisconsin Milk Marketing Board, which is the topic of Chapter 8, was formed in 1983, and is a newcomer to the UDIA. The three organizations in California, Oregon, and Washington, however, have remained independent of that national organization. They are described in Chapter 9.

Chapter 10 covers the federal order promotion program, which was authorized by Public Law 91-670 in 1971, and briefly reviews the advertising and promotion agencies that have operated under this program's guidelines since 1979.

A comprehensive review of the research that has been conducted since 1979 to evaluate the effectiveness of the various dairy promotion programs and their activities is provided in Chapter 11. A summary and brief discussion of the major issues facing the overall dairy promotion effort in the U.S. are provided in Chapter 12.

NATIONAL DAIRY PROMOTION AND RESEARCH BOARD

In 1984, the first national dairy product promotion program to be funded by a mandatory assessment on all U.S. dairy producers became a reality. This program, which was authorized by the Dairy and Tobacco Adjustment Act of 1983 and implemented by the Dairy Promotion and Research Order issued in March 1984, requires all dairy producers to remit 15 cents per cwt. to the National Dairy Promotion and Research Board (NDPRB). Producers are allowed a 10 cent per cwt. credit for contributions they make to qualified local, state, or regional dairy promotion programs. Therefore, of the approximately \$210 million generated annually by the 15 cent per cwt. assessment, the NDPRB has received an average of \$80 million, making it the primary recipient of dairy promotion monies in the U.S.

The Dairy Promotion and Research Order had an immediate effect on the array of funding methods, assessment rates, and producer participation rates that had characterized the U.S. dairy promotion effort prior to 1984 (Table 1.3). First, since voluntary funding was no longer allowed, all dairy producers found themselves supporting the dairy promotion effort. Also, since an upper limit of 10 cents per cwt. was placed on assessments that could be collected by local, state, and regional promotion programs, several programs (particularly those in the three far western states) saw their revenues drop. The activities carried out by the new NDPRB, however, mirrored those of the already existing local, state, and regional programs: advertising, nutrition research and education, product research and development, evaluation, and other supporting activities.

This chapter examines the history of the 1983 act and the 1984 order and discusses the order's key provisions. A detailed description of the NDPRB during its first two years (1984-85 and 1985-86), including its internal structure, relationships with other dairy promotion organizations, income and expenditures, and major activities, is also provided.

History of the Dairy and Tobacco
Adjustment Act of 1983 and the
National Dairy Promotion and Research Order

The idea for a national dairy promotion program funded by a mandatory assessment was presented to the National Milk Producers Federation (NMPF) in the early 1980s by representatives of the United Dairy Industry Association (UDIA). This idea became an actual proposal in 1983, when the NMPF drafted legislation authorizing the establishment of a national dairy promotion program as an addendum to its far more controversial dairy production stabilization program proposal.¹ The overall intent of both plans was the same: to stabilize the supply and to increase the demand for dairy products.

Following months of hearings, a bill including sections on both the production stabilization and promotion programs was introduced on July 18, 1983 in the U.S. House of Representatives as H.R. 3385 by Congressman Tom Harkin of Iowa, chairman of the dairy subcommittee of the House Agriculture Committee. The U.S. Senate first considered a similar bill, S. 1529, on October 5 and 6, 1983, which was introduced by Senator Rudy Boschwitz of Minnesota. On October 7, 1983, the Senate opted to consider and pass with amendments H.R. 3385.

Following a month of further consideration in both houses of Congress (including the introduction and passage of a new bill in the House, H.R. 4196), the legislation was sent to a conference committee. The resulting conference report made three minor changes to the dairy promotion section of the amended H.R. 3385. The changes concerned the composition of the NDPRB's executive committee, states with assessment rates greater than 10 cents per cwt., and the termination of a promotion order. The Senate agreed to the conference report on November 17, and the House agreed to the report the following day. The Dairy and Tobacco Adjustment Act of 1983 officially became Public Law 98-180 on November 29, 1983.²

¹This marriage of plans into one piece of legislation was a strategic move by the NMPF to facilitate the passage of the dairy promotion program, according to Patrick Healey, chief executive officer (retired) of the Federation. The NMPF realized that the dairy production stabilization plan would command the greatest attention, hence drawing attention away from the dairy promotion plan.

²The complete legislative history of H.R. 3385 (H.R. 4196, S. 1529) in 1983 follows:

- July 18, 19, considered and passed House.
- October 5, 6, S. 1529 considered in Senate.
- October 7, H.R. 3385 considered and passed Senate, amended.
- November 7, 9, H.R. 4196 considered and passed House.
- November 9, House agreed to Senate amendments to H.R. 3385 with amendments.
- November 17, Senate agreed to conference report.
- November 18, House agreed to conference report.

The NMPF submitted a proposed advertising and promotion order to the U.S. Department of Agriculture on January 6, 1984. This proposed order was published in the Federal Register on February 2, 1984 (49 FR 4080). A public meeting was held February 14 and 15 for the discussion of the NMPF's proposal as well as any other proposals. The final rules to implement the national dairy promotion program were published on March 28, 1984 (49 FR 1186). The order became fully effective on May 1, 1984.³

Major Provisions of the Dairy Promotion and Research Order

The Dairy Promotion and Research Order⁴ provides for the establishment of the National Dairy Promotion and Research Board. This 36-member board⁵ has the power:

to receive and evaluate, or on its own initiative develop, and budget for plans or projects to promote the use of fluid milk and dairy products as well as projects for research and nutrition education and to make recommendations to the Secretary regarding such proposals (Section 1150.139 (a), Dairy Promotion and Research Order).

The order specifies that the NDPRB meet at least once a year, and that it appoint an executive committee from its members and hire additional persons as necessary to carry out its powers and duties.

Assessments

The order requires that:

Each person making payment to a producer for milk produced in the United States and marketed for commercial use shall collect an assessment on all such milk handled for the account of the producer at the rate of 15 cents per hundredweight of milk for commercial use or the equivalent thereof and shall remit the assessment to the Board (Section 1150.152(a), Dairy Promotion and Research Order).

This assessment must be remitted to the board no later than the last day of the month following the month in which the milk was marketed. Overdue payments are subject to a 1.5-percent late-payment penalty. Any

³U.S. Department of Agriculture, Report to Congress on the Dairy Promotion Program, July 1, 1985, pp. 1, 9.

⁴See Appendix 3 for a complete copy of the Dairy Promotion and Research Order.

⁵For details on how the NDPRB members are selected, see the section on the board's internal structure later in this chapter.

person who willfully violates the order's assessment provisions will be assessed a civil penalty by the secretary of agriculture of not more than \$1,000 for each violation. Furthermore, persons who willfully fail to pay, collect, or remit the required assessment must pay a penalty equal to the delinquent assessment.

Qualified Dairy Product Promotion Programs

The order's assessment provisions allow producers to receive a maximum credit of 10 cents per cwt. for payments they make to qualified state or regional promotion programs. To be certified by the secretary of agriculture as a qualified program, an organization must meet the following requirements:

1. Conduct activities as defined in Sections 1150.114, 1150.115, and 1150.116 that are intended to increase consumption of milk and dairy products generally;
2. Except for programs operated under the laws of the United States or any State, have been active and ongoing before enactment of the Act;
3. Be financed primarily by producers, either individually or through cooperative associations;
4. Not use a private brand or trade name in its advertising and promotion of dairy products unless the Board recommends and the Secretary concurs that such preclusion should not apply;
5. Certify to the Secretary that any requests from producers for refunds under the program will be honored by forwarding to either the Board or a qualified State or regional program designated by the producer that portion of such refunds equal to the amount of credit that otherwise would be applicable to that program pursuant to 1150.152(c); and
6. Not use program funds for the purpose of influencing governmental policy or action (Section 1150.153(b), Dairy Promotion and Research Order).

As of July 1986, 84 programs had received certification by the secretary. Appendix 4 lists the names and addresses of these qualified promotion organizations.

Miscellaneous Provisions

The order contains procedures for the certification of milk producer organizations. Certified organizations, which must meet different requirements than qualified promotion organizations, are eligible to nominate milk producers as members of the NDPRB. In deter-

mining an organization's eligibility, the two primary considerations are:

whether its membership consists primarily of milk producers who produce a substantial volume of milk, and whether the primary or overriding interest of the organization is in the production or processing of fluid milk and dairy products and promotion of the nutritional attributes of fluid milk and dairy products (Section 1150.274(b), Dairy Promotion and Research Order).

The order specifies various administrative matters dealing with records, patents, amendments, and termination of the order. Rules governing the conduct of referenda are also included (Sections 1150.200-1150.212). The following section on the 1985 referendum describes these rules.

1985 Referendum

The Dairy and Tobacco Adjustment Act of 1983 required the secretary of agriculture to conduct a referendum by September 30, 1985 to determine if a majority of dairy producers voting favored continuation of the Dairy Promotion and Research Order. If continuation were not approved, the act specified that the order be terminated as soon as practicable. On March 13, 1985 the United States Department of Agriculture (USDA) adopted final rules governing referenda (50 FR 9982), and a Referendum Order was published on April 12, 1985 (50 FR 14390) directing the August 1985 referendum.⁶

Every dairy producer engaged in the production of milk for commercial sale during April 1985 was eligible to vote. To make certain that eligible producers were informed of the referendum, the USDA sent out more than 75,000 flyers, issued special notices and press releases, and opened a toll-free telephone line to answer questions. Individual producer ballots and postpaid return envelopes were available at Agricultural Stabilization and Conservation Service county offices during July and August 1985.

Cooperative associations, which were permitted to vote on behalf of their members, were required to notify their members how they were going to vote by July 1, 1985. Producer members opposed to their cooperative's vote were sent individual ballots. Voting was conducted by mail, and completed ballots had to be postmarked no later than August 20, 1985.

The secretary of agriculture announced the results of the referendum on September 12, 1985. Of the 120,330 producers voting, 107,926 producers, or 89.7 percent, approved continuation of the order

⁶See Appendix 3, Dairy Promotion and Research Order, Sections 1150.200-1150.212.

TABLE 2.1 SUMMARY OF THE NATIONAL DAIRY PROMOTION AND RESEARCH BOARD
1985 REFERENDUM

	Approvals	Disapprovals	Total
Bloc votes by cooperatives	101,906	3,063	104,969
Individual ballots	6,020	9,341	15,361
Total votes	107,926	12,404	120,330
Total votes disqualified	1,985		
Percent of producers approving continuation of the order	89.7%		

SOURCE: United States Department of Agriculture, Report to Congress on the Dairy Promotion Program, July 1, 1986.

(Table 2.1). Most of the votes were cast by cooperatives on behalf of their members (146 cooperatives voted for, and 6 cooperatives voted against continuation). A total of 1,985 ballots were disqualified; persons casting these ballots were not considered participants of the referendum.

The act requires that future referenda be held if requested by at least 10 percent of the eligible producers or anytime the secretary chooses.

NDPRB's Internal Structure

The National Dairy Promotion and Research Board is comprised of 36 dairy farmers. Members are selected by the secretary of agriculture from nominations submitted by certified organizations and general farmer organizations. For nomination purposes, the U.S. is divided into 13 regions (Figure 2.1). The number of NDPRB members from each region is based on its milk production, with Wisconsin (Region 6) having the most at six members. The order requires that at least every five years the regions and number of members from each region be reviewed and changed, if necessary.

Board members are appointed to three-year terms, except members of the initial board who proportionately served one-, two-, or three-year terms. Therefore, one-third of the board's positions are subject to selection every year. No board member may serve more than two consecutive terms.⁷ Members serve without compensation but are reimbursed for their expenses. Although the order provides for an executive committee, the initial members decided that the board as a whole would serve as the executive committee. The board elects four officers from its membership (chairman, vice chairman, secretary, and treasurer) and has standing committees for NDPRB's major program areas.⁸

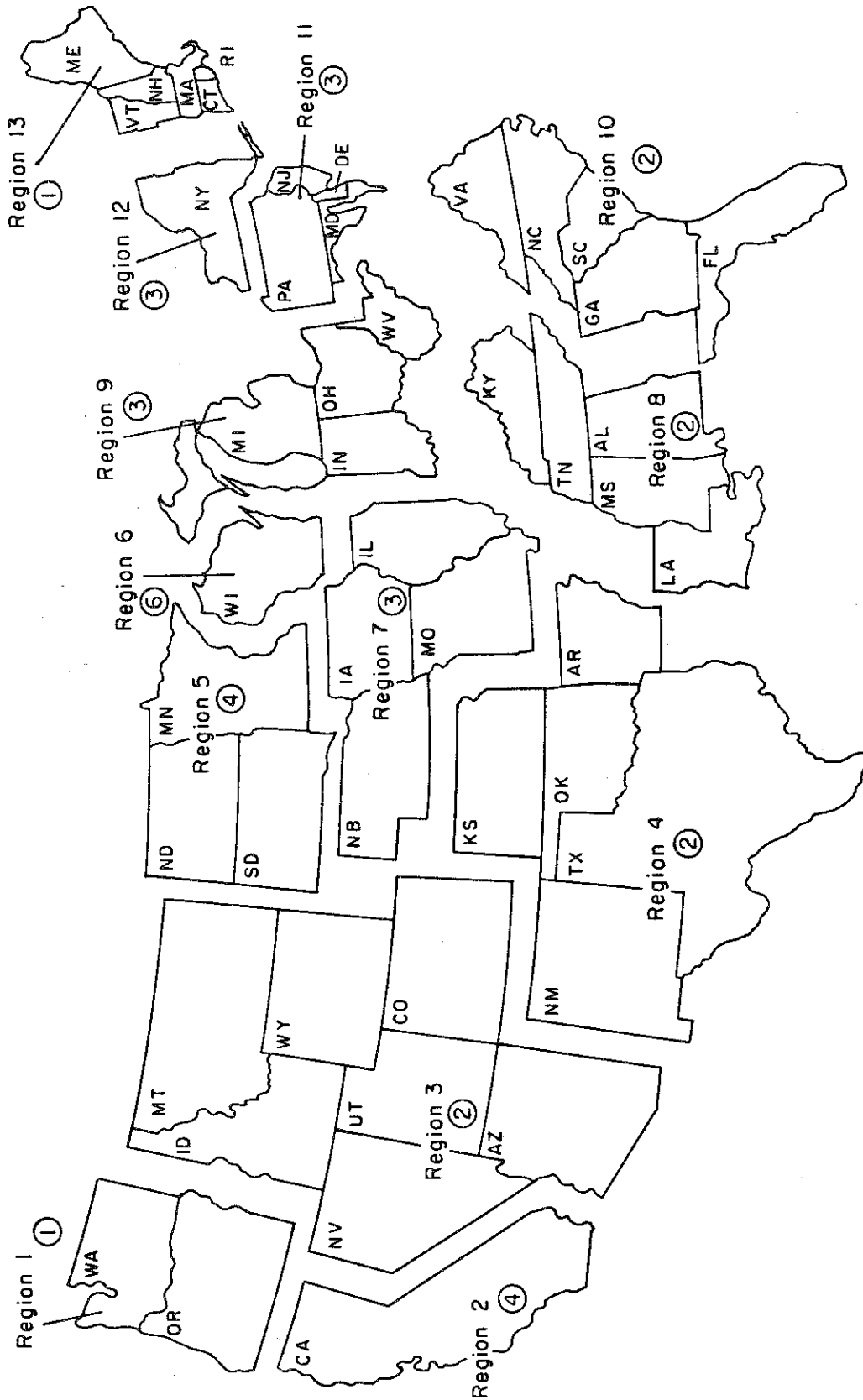
The NDPRB employs a chief executive officer who oversees a staff of 24 persons. Figure 2.2 provides an organizational chart of the NDPRB staff. The NDPRB office is located in Arlington, Virginia, a suburb of Washington, DC.⁹

⁷For a list of the 1986-87 NDPRB members, see Appendix 5.

⁸The standing committees are: advertising and sales promotion, product research and development, nutrition research and education, program evaluation, personnel, industry communications, and finance and audit.

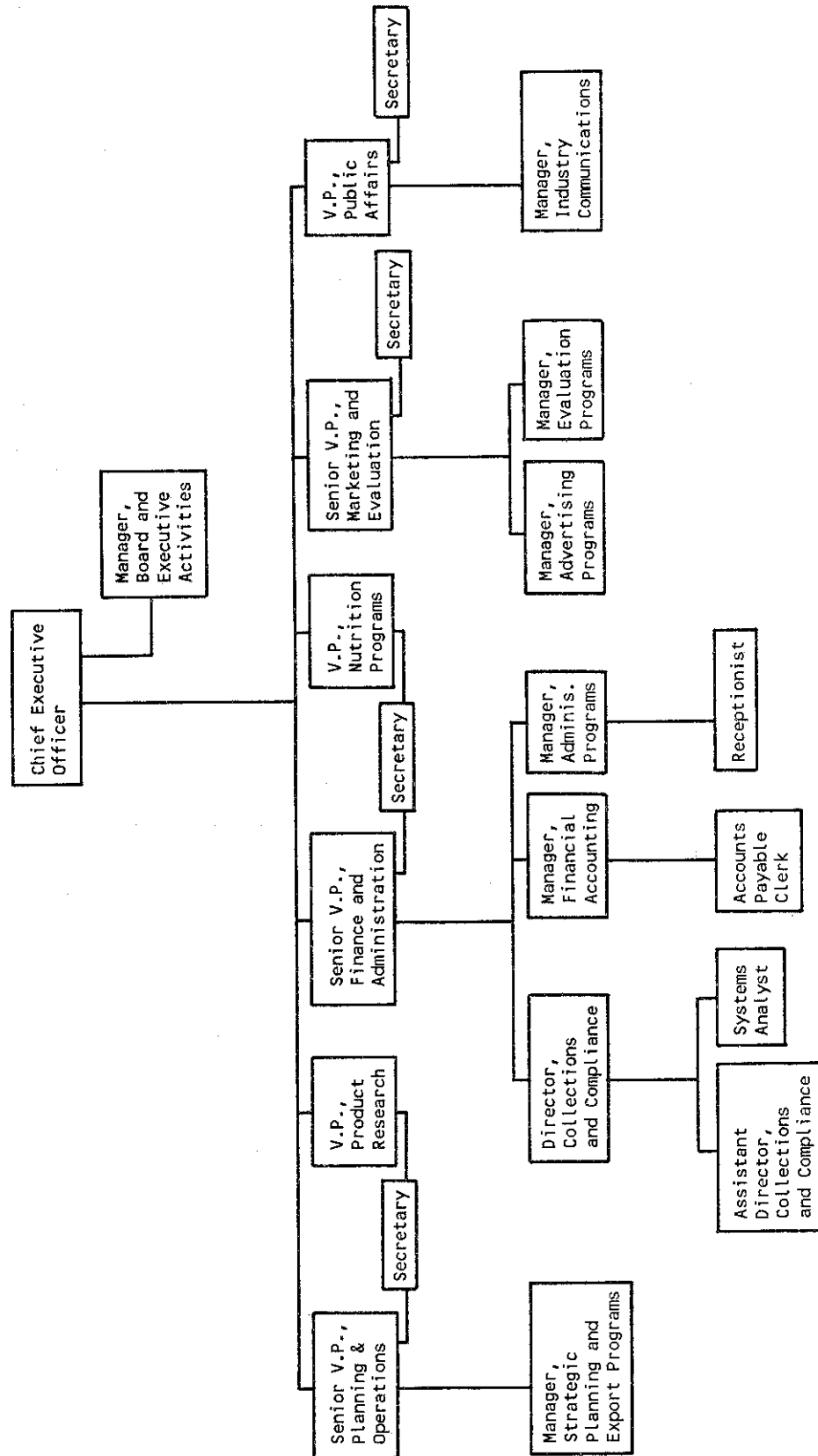
⁹For a list of NDPRB's officers and professional staff, and its office address, see Appendix 6.

FIGURE 2.1 REGIONAL DISTRIBUTION OF MEMBERS OF THE NATIONAL DAIRY PROMOTION AND RESEARCH BOARD



NOTE: The circled number below each region indicates the number of members within that region.

FIGURE 2.2 NATIONAL DAIRY PROMOTION AND RESEARCH BOARD
ORGANIZATION CHART



SOURCE: National Dairy Promotion and Research Board, Arlington, VA, September 17, 1986.

NDPRB's Relationship to Other Dairy Promotion Organizations and Institutions

In its role as a coordinator of the national dairy promotion effort, the NDPRB maintains relationships with almost all other national, regional, and state dairy promotion organizations and institutions. Therefore, the NDPRB is (or was) involved to varying degrees with the USDA, the Dairy Promotion Federation Association (DPFA), the United Dairy Industry Association (UDIA) and its affiliated corporations (National Dairy Council, American Dairy Association, Dairy Research, Inc.), and the 84 state and regional organizations that have been certified by the USDA as qualified promotion organizations.

The USDA oversees all NDPRB activities, as required by the Dairy and Tobacco Adjustment Act of 1983. It reviews and approves NDPRB program plans, projects, and related budgets, all agreements and contracts, and the board's investment plans. The USDA is also responsible for conducting referenda, appointing board members, certifying qualified programs, assuring producer compliance, conducting audits, and overseeing analyses of the program's effectiveness. The USDA maintains contact with the board's staff, and USDA representatives attend board and committee meetings. The NDPRB reimburses the USDA for its administrative costs in overseeing the program (as required by the act).

The NDPRB maintained a contract with the DPFA to plan and execute its advertising programs in 1984-85.¹⁰ The DPFA, which was a partnership of the UDIA¹¹ and COW Dairywomen, Inc.,¹² in turn used the services of D'Arcy-MacManus & Masius of Chicago and McCann-Erickson of San Francisco to produce most of NDPRB's advertising programs. In 1985-86 the NDPRB, in partnership with the DPFA, contracted and worked directly with the advertising agencies that produced the combined NDPRB/DPFA advertising programs.

In 1986-87, the board contracted directly--and exclusively--with its advertising agencies. (The DPFA ceased operations in December 1986.) The board continued to cooperate with the ADA in the development of the cheese and butter campaigns (created by their mutual advertising agency, D'Arcy Masius Benton & Bowles) and cofunded the production of these ads. It worked directly with McCann-Erickson (this year with no COW Dairywomen involvement) in the development and production of its calcium/dairy foods value, children's fluid milk, and tweens fluid milk campaigns, and directly with D'Arcy (no ADA involvement) in the production of its ice cream campaign. The only national ad campaign in which the NDPRB did not play a role in development or production was the

¹⁰For a detailed description of the DPFA, see Chapter 4.

¹¹The UDIA and its affiliated corporations, ADA, NDC, and DRINC, are covered in Chapter 3.

¹²COW Dairywomen, Inc. represents the dairy promotion organizations in California, Oregon, and Washington State (Chapter 9).

young adults' fluid milk campaigns (created by D'Arcy for the ADA and McCann-Erickson for COW Dairyemen).

Besides its advertising relationship with the UDIA/ADA, the NDPRB has several other ties with the UDIA. All of the board's nutrition-research grants are administered by the National Dairy Council (NDC), which also has a contract to carry out several of the board's nutrition-education projects. Most of the product research and development projects funded by the board are administered by the Dairy Research Foundation, a division of Dairy Research, Inc. (DRINC). DRINC also receives NDPRB product research and development grants. Finally, UDIA's marketing and economic research division has performed some of the analyses associated with the board's marketing research.

The board indirectly maintains contact with the numerous state and regional dairy promotion and nutrition-education organizations through their participation or membership in the UDIA and COW Dairyemen, Inc.

NDPRB's Income and Expenditures

Almost all of the NDPRB's income is derived from the order's mandatory assessment of 15 cents per cwt. on all milk marketed in the U.S. Producers may receive a credit of up to 10 cents per cwt. for payments they make to qualified state and regional promotion programs. Due to these credits, the board's net assessment rate was approximately 6.04 cents per cwt. in 1984-85 and 5.91 cents per cwt. in 1985-86.¹³

From 1984-85 to 1986-87, assessment revenue accounted for almost all of the board's total income (Table 2.2). Interest income accounted for the remaining revenues. The NDPRB's total income was \$80.5 million in 1984-85, \$84.9 million in 1985-86, and \$84.3 million in 1986-87.

The board's expenditures fall into four major categories: advertising and sales promotion, nutrition research and education, product research and development, and other activities.¹⁴ Advertising and sales promotion is by far the most significant expenditure, accounting for 75.9 percent of the board's total expenditures in 1986-87 (Table 2.2). The remaining expenditures were allocated to nutrition research and education (10.2 percent), product research and development (5.6 percent), and other activities (8.3 percent).

¹³New York dairy producers are required by state law to remit 10 cents per cwt. to the New York Dairy Promotion Order. The NDPRB, therefore, receives 5 cents per cwt. from New York dairy producers.

¹⁴Included under other activities are expenditures for program evaluation, communications, export and military market enhancement, administration, and payments to the USDA.

TABLE 2.2 NATIONAL DAIRY PROMOTION AND RESEARCH BOARD REVENUE AND EXPENSES, 1984-85 TO 1986-87

	1984-85	1985-86	1986-87
	<u>Thousands of Dollars</u>		
REVENUE			
Assessments	79,029 98.2%	83,651 98.5%	77,300 91.7%
Interest	1,483 1.8%	1,291 1.5%	1,000 1.2%
Estimated FY 86 advertising under expenditure	----	----	6,000 7.1%
Total revenue	80,512 100%	84,942 100%	84,300 100%
EXPENSES			
Advertising and sales promotion	66,226 92.2%	61,167 85.0%	64,000 75.9%
Nutrition research and education	2,567 3.6%	4,678 6.5%	8,600 10.2%
Product research and development	144 0.2%	1,516 2.1%	4,680 5.6%
Program evaluation	1,061 1.5%	1,678 2.3%	1,600 1.9%
Industry communications and public relations	201 0.3%	536 0.7%	720 0.8%
Export and military market enhancement	----	2 0.1%	100 0.1%
Program development fund	----	----	1,600 1.9%
General and administrative	1,367 1.9%	2,092 2.9%	2,700 3.2%
U.S. Department of Agriculture	241 0.3%	283 0.4%	300 0.4%
Total expenses	71,807 100%	71,952 100%	84,300 100%
Revenue in excess of expenses	8,706	12,990	
Fund balance, beginning of year	----	8,706	
Fund balance, end of year	8,706	21,696	

SOURCES: United States Department of Agriculture, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board.

The expenditure figures for the board's first three years indicate several trends. First, although advertising continues to be the board's primary expenditure, its proportion of total expenditures has declined each year, from 92.2 percent in 1984-85 to 75.9 percent in 1986-87. At the same time, the proportions of funds spent in all other areas have increased. Between 1984-85 and 1986-87, for example, the proportion of funds spent on nutrition research and education has almost tripled from 3.6 percent to 10.2 percent. Expenditures for product research and development have grown from 0.2 percent of the board's 1984-85 budget to 5.6 percent of the 1986-87 budget.

Program Activities

The NDPRB funds activities in six program areas: advertising, nutrition education and research, product research and development, program evaluation, industry communications and public relations, and export and military sales. The remainder of this chapter will describe NDPRB's activities in each of these program areas.

Advertising and Sales Promotion

The board has used its sizable advertising budgets to promote five products and one product attribute: fluid milk, cheese, butter, ice cream, nonfat dry milk, and dairy foods value/calcium. The average proportion of advertising funds allocated to each of these products or product attribute during the board's first three advertising campaigns is: cheese, 35 percent; dairy foods value/calcium, 25 percent; fluid milk, 23 percent; butter, 10 percent; ice cream, 7 percent; and dry milk, less than 1 percent (Table 2.3). The board has slightly altered the proportion of funds allocated to each product or product attribute during its first three years. Products whose allocations were proportionately larger in 1986-87 than in 1984-85 are children's fluid milk, cheese continuity, butter, dairy foods value/calcium, ice cream, and dry milk. Smaller allocations were made to cheese promotion and young adults' fluid milk.

The following sections and accompanying tables describe the board's first three advertising programs for each product or product attribute.

Fluid Milk. The board has two separate advertising programs for fluid milk: a children's and a young adults' program. In 1986-87, the children's campaign accounts for 42 percent and the young adults' campaign 58 percent of the board's \$13.8 million fluid milk budget. Fluid milk advertising has long been a major focus of regional dairy promotion groups. The NDPRB's fluid milk allocation enhances the spot media buys made by these other organizations.

Children's fluid milk. The children's fluid milk campaigns (Table 2.4) have been aimed at youngsters 6 to 11 years old. (Children 2 to 5 years old were dropped from the target audience starting in

TABLE 2.3 NDRPB ADVERTISING EXPENDITURES BY PRODUCT, 1984-85 TO 1986-87

Product	1984-85 ^a	1985-86 ^a	1986-87 ^a
Fluid Milk			
Children's fluid milk	\$7,080,000 8.6%	\$6,000,000 9.2%	\$5,800,000 9.0%
Young adults' fluid milk	\$13,800,000 16.8%	\$8,000,000 12.4%	\$8,000,000 12.4%
Total fluid milk	\$20,880,000 25.4%	\$14,000,000 21.6%	\$13,800,000 21.4%
Cheese			
Continuity	\$21,955,000 26.7%	\$20,000,000 30.8%	\$17,700,000 27.5%
Promotion	\$9,200,000 11.2%	\$3,000,000 4.6%	\$3,000,000 4.6%
Total cheese	\$31,155,000 37.9%	\$23,000,000 35.4%	\$20,700,000 32.1%
Butter	\$7,385,000 9.0%	\$6,000,000 9.2%	\$7,000,000 10.9%
Dairy foods value/calcium	\$18,300,000 22.2%	\$16,900,000 26.0%	\$16,500,000 25.6%
Ice cream	\$4,500,000 5.5%	\$4,900,000 7.5%	\$5,000,000 7.8%
Dry milk	---	\$160,000 0.3%	\$200,000 0.3%
Test market programs	---	---	\$1,200,000 1.9%
Total advertising expenditure	\$82,220,000 100%	\$64,960,000 100%	\$64,400,000 100%

SOURCE: National Dairy Promotion and Research Board.

^aThe NDRPB's advertising programs run from September to August (rather than May to April, the board's fiscal year).

1985-86.) In 1986-87, four television ads titled "Kangaroos," "Giraffes," "Penguins," and "Mr. Moo" will communicate the theme "Milk. It does a body good" on network, cable, and syndicated television. The \$5.8 million allocated to this campaign will purchase 46 weeks of Saturday morning television as well as after-school and prime-time children's specials.

During fall 1984, the children's fluid milk campaign was created by both UDIA's ad agency, D'Arcy-MacManus & Masius (now D'Arcy Masius Benton & Bowles), and COW Dairymen's agency, McCann-Erickson. Since January 1985, the board has made this campaign the sole responsibility of McCann-Erickson.

Young adults' fluid milk. Consistency is the key word in describing the NDPRB's young adults' fluid milk campaigns (Table 2.5). The target audience, media used, themes, and ad agencies have remained the same during the board's first three advertising campaigns, and only minor changes have been made in the campaigns' other components.

This fluid milk campaign is created by two ad agencies, D'Arcy Masius Benton & Bowles (DMBB) and McCann-Erickson (ME). The DMBB ad program, which uses the theme "Milk. America's Health Kick," is shown in all states east of and including Idaho, Utah, and Arizona.¹⁵ In 1986-87, DMBB will air three new TV ads titled "Park," "Billboard," and "Skater" during prime-time (8-11 PM Eastern Standard Time) and late-fringe (11-11:30 PM Eastern Standard Time) network TV. Young adults in the far western states¹⁶ will see ME's campaign featuring three ads that were first aired in 1985-86 titled "Urban Runner," "Biker," and "Gym." ME's advertising theme is "Milk. It does a body good." Both programs emphasize young adults' need for milk in a healthy lifestyle.

Cheese. The board has supported two advertising programs for cheese: (1) cheese continuity, a continuous rotation of cheese commercials, and (2) cheese promotion, a fall and spring event coordinated with the cheese promotion activities sponsored by local and regional dairy promotion organizations. The cheese continuity ads were not aired during the seasonal cheese promotions. Cheese is the product receiving the most NDPRB advertising funds.

Cheese continuity. The board's cheese continuity programs have been aimed at adults 25 to 54 years old (Table 2.6). The 1986-87 campaign features the slogan created by DMBB, "Cheese Glorious Cheese." Four TV ads titled "Taste," "Calcium," "Out of Home," and "Pizza" will be shown on network and some cable TV for 20 weeks, and print ads will be inserted 40 times in 20 national magazines.

¹⁵This area is essentially that covered by UDIA's member organizations.

¹⁶California, Oregon, Washington, Nevada--the COW Dairymen, Inc. states.

TABLE 2.4 NDPRB CHILDREN'S FLUID MILK ADVERTISING PROGRAMS, 1984-85 TO 1986-87

	1984-85	1985-86	1986-87
Budget	\$7,080,000	\$6,000,000	\$5,800,000
Target audience	Children 2-12	Children 6-11	Children 6-11
Media used	Network TV: Saturday AM, prime-time children's specials (85%) Syndicated TV (15%)	Network TV: Saturday AM, prime-time and after-school children's specials	Network TV: Saturday AM, prime-time and after-school children's specials (80%) Cable TV (20%) Syndicated TV
Program	47 weeks at 75 kids rating points/week	46 weeks at 75 kids rating points/week	46 weeks at 75 kids rating points/week
Theme(s)	"Have More Milk 'Cause Milk's Got More" (shown in all UDIA-member states until 1/85) "Milk. It does a body good." (shown first in the COW Dairymen, Inc. states, then aired nationwide starting 3/85)	"Milk. It does a body good."	"Milk. It does a body good."
No. of ads produced	2 TV ads with "Have More Milk" theme 3 TV ads with "Milk. It does a body good." theme	4 TV ads	4 TV ads
Ad agency	D'Arcy-MacManus & Masius (until 1/85) McCann-Erickson	McCann-Erickson	McCann-Erickson

SOURCES: USDA, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board Annual Report, 1985 and 1986; information provided by the NDPRB.

TABLE 2.5 NIDPRB YOUNG ADULTS' FLUID MILK ADVERTISING PROGRAMS, 1984-85 to 1986-87

	1984-85		1985-86		1986-87	
Budget	\$13,800,000		\$8,000,000		\$8,000,000	
Target audience	Adults 18-34		Adults 18-34		Adults 18-34	
Media used	Network TV: prime time		Network TV: prime time		Network TV: prime time, late fringe	
Program	30 weeks at 80 GRPs/week		30 weeks at 40 GRPs/week		22 weeks at 60 GRPs/week	
Themes	"Have More Milk 'Cause Milk's Got More" (shown in UDIA-member states) "Milk. It does a body good." (COW states)		"Have More Milk 'Cause Milk's Got More" (UDIA-member states) "Milk. It does a body good." (COW states)		"Milk. America's Health Kick." (UDIA-member states) "Milk. It does a body good." (COW states)	
No. of ads produced	3 TV ads for first 2 themes 2 ads for last theme		3 TV ads for each theme		3 TV ads for each theme	
Ad agency	D'Arcy-MacManus & Masius McCann-Erickson		D'Arcy Masius Benton & Bowles McCann-Erickson		D'Arcy Masius Benton & Bowles McCann-Erickson	

SOURCES: USDA, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board Annual Report, 1985 and 1986; information provided by the NIDPRB.

TABLE 2.6 NDPRB CHEESE CONTINUITY ADVERTISING PROGRAMS, 1984-85 TO 1986-87

	1984-85	1985-86	1986-87
Budget	\$21,955,000	\$20,000,000	\$17,700,000
Target audience	Adults 25-54, emphasis on women	Adults 25-54	Adults 25-54
Media used	Network TV: daytime, prime time, news specials National magazines	Network TV: daytime, prime time Cable TV National magazines	Network TV: daytime, prime time Cable TV National magazines
Program	TV: 27 weeks at 155 GRPs/week Print: 2 inserts in <u>Parade</u> magazine	TV: 23 weeks at 135 GRPs/week Print: 30 inserts in 15 women's service magazines	TV: 20 weeks at 155-235 GRPs/week ^a Print: 40 inserts in 20 publications ^a
Theme	"Make Your Meals Sing With Real Cheese" (shown in UDIA-member states, then aired nationwide 1/85) "Say Cheese" (shown in COW states until 1/85)	"Make Your Meals Sing With Real Cheese"	"Cheese Glorious Cheese"
No. of ads produced	4 TV ads for first theme 1 TV ad for second theme 1 magazine ad	4 TV ads 3 magazine ads	4 TV ads 4 magazine ads
Ad agency	D'Arcy-MacManus & Masius McCann-Erickson (until 1/85)	D'Arcy Masius Benton & Bowles	D'Arcy Masius Benton & Bowles

SOURCES: USDA, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board Annual Report, 1985 and 1986; information provided by the NDPRB.

^aTentative program.

TABLE 2.7 NDPRB CHEESE PROMOTION ADVERTISING PROGRAMS, 1984-85 TO 1986-87

	1984-85	1985-86	1986-87
Budget	\$9,200,000	\$3,000,000	\$3,000,000
Target audience	Adults 25-54	Adults 25-54	Adults 25-54
Media used	Network TV: daytime, prime time Point-of-sale print materials	Network TV: prime time, daytime (fall) Cable TV (fall) National magazines (spring)	Network TV (fall, spring) Cable TV (fall, spring)
Program	TV: 8 weeks at 160 GRPs/week POS: POS materials placed in about 25,000 grocery stores	TV: 4 weeks at 90 GRPs/week (fall) Print: 8 magazine inserts (spring)	(Yet to be determined)
Additional activities	Incentive contest for retailers (fall) ^a Consumer contest (spring) ^a	-----	-----
Themes	"Say Cheese" (COW states, fall 1984) "Join the Cheese Jamboree" (UDIA-member states, fall 1984) "Enjoy the Great Cheeses of America" (nationwide, spring 1985)	"Cheese Glorious Cheese" (fall 1985) "Vote for the Perfect Cheeseburger" (spring 1986)	"Cook Regional With Cheese Glorious Cheese" (fall 1986) "Build the Perfect Cheeseburger" (spring 1987)
Ad agency	McCann-Erickson D'Arcy-MacManus & Masius	D'Arcy Masius Benton & Bowles	D'Arcy Masius Benton & Bowles

SOURCES: USDA, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board Annual Report, 1985 and 1986; information provided by the NDPRB.

^aCosts were split by the NDPRB, and the UDIA and COW organizations.

The board initially used both D'Arcy-MacManus & Masius' and ME's cheese continuity programs. DMBB became solely responsible for this campaign in January 1985, the same time the board decided not to use DMBB's children's fluid milk campaign and turned the children's campaign over to ME.

Cheese promotion. As shown in Table 2.7, the board has reduced its support of the cheese promotion program from \$9.2 million in 1984-85, to \$3.0 million in 1985-86 and 1986-87. Its support has consisted mainly of network media buys that coordinated with the more intensive local and regional efforts of the UDIA and COW member organizations. In 1984-85, the board paid for the production and installation of point-of-sale materials in approximately 25,000 grocery stores. An incentive contest for retailers and a consumer contest were also held, with the board and the UDIA and COW organizations splitting the costs.

Butter. Of all the board's advertising campaigns, the butter campaign has experienced the most changes. Specifically, the board has hired a new advertising agency and approved a new advertising theme each year to promote this product (Table 2.8).

The 1986-87 program features the new theme "Give 'Em All A Pat." Two 15-second, and two 30-second TV ads will be produced by the Grey advertising agency to air for 28 weeks on network and syndicated TV. No print advertising is included in this year's butter campaign. This \$7 million campaign is targeted primarily at women 18 to 49 years old who use both butter and margarine, and who live in 3-or-more-person families whose incomes are at least \$25,000.

Dairy Foods Value/Calcium. The NDPRB has placed a heavy emphasis on its calcium campaigns, allocating slightly over one-fourth of its total advertising expenditure to this product attribute. In 1986-87, the board will spend \$16.5 million to convince women 25 to 49 years old and over 50 years old to consume dairy products rather than calcium tablets as a means of preventing osteoporosis. Females 12 to 24 years old were eliminated as a target audience in 1987.

The theme, "Dairy Foods. Calcium the Way Nature Intended," will be used in network, cable, and syndicated TV ads as well as in magazine ads (Table 2.9). The 1986-87 campaign will feature dairy products in general (with special reference made to yogurt, cottage cheese, hard cheese, and fluid milk). The McCann-Erickson advertising agency is responsible for the board's calcium campaign.

Ice Cream. The board's ice cream campaigns have been produced in conjunction with the International Ice Cream Association and state and regional dairy promotion organizations. In June 1985, for example, the board spent \$4.5 million on network TV and trade press ads, brand manufacturers increased their advertising and in-store promotion budgets by approximately \$12 million, and state and regional organizations purchased \$2 million in spot TV and radio ads as well as provided point-of-sale materials to promote ice cream.

TABLE 2.8 NDPRB BUTTER ADVERTISING PROGRAMS, 1984-85 TO 1986-87

	1984-85	1985-86	1986-87
Budget	\$7,385,000	\$6,000,000	\$7,000,000
Target audience	Dual butter/margarine users, primarily homemakers 25-49 with higher-than-average incomes	Women 18-49	Dual butter/margarine users, primarily women 18-49 with families of 3+ persons and \$25,000+ annual incomes
Media used	Spot TV: daytime, prime time National magazines	Network TV National magazines	Network TV: daytime, prime time, morning news Syndicated TV
Program	TV: 30 weeks at 100-150 GRPs/week Print: 20 inserts in 8 magazines	TV: 19 weeks at 110-160 GRPs/week Print: 18 inserts in 12 magazines	TV: 28 weeks at 152-220 GRPs/week
Theme	"Come Home to the Good Taste of Butter"	"What Butter Brings to Everything Is Gold"	"Give 'Em All a Pat"
No. of ads produced	2 TV ads 1 magazine ad	2 TV ads 2 magazine ads	2, 15-second TV ads 2, 30-second TV ads
Ad agency	Vickers and Benson	Tatham-Laird & Kudner	Grey

SOURCES: USDA, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board Annual Report, 1985 and 1986; information provided by the NDPRB.

TABLE 2.9 NDPRB DAIRY FOODS VALUE/CALCIUM ADVERTISING PROGRAMS, 1984-85 TO 1986-87

	1984-85	1985-86	1986-87
Budget	\$18,300,000	\$16,900,000	\$16,500,000
Target audiences	Young women 12-24 Adult women 25-49 Mature women 50+	Young women 12-24 Adult women 25-49 Mature women 50+	Young women 12-24 (1986) Adult women 25-49 Mature women 50+
Media used	Network TV: prime time, daytime, late fringe Cable TV Syndicated TV National print	Network TV Cable TV Syndicated TV National print	Network TV: prime time, daytime Cable TV Syndicated TV National magazines
Program	TV: 25 weeks at 110-150 GRPs/week Print: 101 inserts in 28 publications	TV: 4 weeks at 125 GRPs/week; 14 weeks at 100 GRPs/week Print: 99 inserts in 31 magazines	TV: 22 weeks at 100 GRPs/week Magazines: yet to be determined
Themes	"Softly She Moves" (TV) "Dairy Foods. Calcium the Way Nature Intended." (Print)	"Dairy Foods. Calcium the Way Nature Intended."	"Dairy Foods. Calcium the Way Nature Intended."
No. of ads produced	3 TV ads 9 print ads	2 TV ads 9 print ads	2, 15-second TV ads 2, 30-second TV ads 4 print ads
Ad agency	McCann-Erickson	McCann-Erickson	McCann-Erickson

SOURCES: USDA, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board Annual Report, 1985 and 1986; information provided by the NDPRB.

TABLE 2.10 NDPRB ICE CREAM ADVERTISING PROGRAMS, 1984-85 TO 1986-87

	1984-85	1985-86	1986-87
Budget	\$4,500,000	\$4,900,000	\$5,000,000
Target audiences	Mothers 25-54 Adults 18+	All family Women 25-54	All family Women 25-54
Media used	Network TV: prime time, daytime, late fringe Trade press print	Network TV Trade press print	Network TV Trade press print
Program	TV: 2 weeks at 150 GRPs/week; 4 weeks at 100 GRPs/week Print: 8 inserts in 6 magazines	TV: 2 weeks at 150 GRPs/week; 6 weeks at 100 GRPs/week Print: 8 inserts in 6 publications	(Yet to be determined)
Theme	"Ice Cream the Beautiful"	"Taste Summer"	"Taste Summer"
No. of ads produced	2 TV ads 1 trade press print ad	1 TV ad 1 trade press print ad	1, 15-second TV ad 1, 30-second TV ad 2 trade press print ads
Ad agency	D'Arcy-MacManus & Masius	D'Arcy Masius Benton & Bowles	D'Arcy Masius Benton & Bowles

SOURCES: USDA, Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986; National Dairy Promotion and Research Board Annual Report, 1985 and 1986; information provided by the NDPRB.

The board intends to spend \$5 million during summer 1987 on network TV ads aimed at two audiences -- mothers 25 to 54 years old, and all family members -- and on trade press print ads aimed at retailers and institutions to alert them that ice cream will be heavily promoted during the summer (Table 2.10). D'Arcy Masius Benton & Bowles, which is in charge of the board's ice cream program, will use the theme "Taste Summer."

Nonfat Dry Milk. In 1985-86 the board committed \$160,000 on a new national generic print campaign promoting the use of nonfat dry milk in the baking, prepared foods, and dairy products industries. It featured a series of 12, four-page ads that appeared in three trade publications. The American Dry Milk Institute (ADMI) and manufacturers supported the program by placing \$95,000 of additional advertising in the same three publications.

In 1986-87, the board plans to spend \$200,000 on a print campaign promoting the use of nonfat dry milk in the baking, prepared foods, and dairy products industries as a means of adding natural dairy calcium to their products. The nonfat dry milk campaign will feature a series of 12, two-page ads in three trade publications. The ADMI plans to increase its funding of this campaign.

Test Market Programs. The board initiated two test market programs in 1986-87: a butter couponing and a tweens (youngsters 10 to 15 years old) fluid milk ad campaign. The butter couponing program, produced in cooperation with the American Butter Institute, features a 25-cent coupon for butter--the first time a generic coupon for butter has been offered. The coupons will be distributed to consumers via a free-standing newspaper insert in the Boston (high butter-consumption market), Chicago (high consumption), San Francisco (moderate consumption), and Texas (low consumption) market areas. The coupons will be offered three times in 1987 (April 12, June 28, and November 15) at a cost to the board of \$270,000 (including redemptions).

A test market program for a new target audience, youngsters 10 to 15 years old, was developed by the board in 1986-87 at a cost of \$930,000. Two TV ads, one aimed at female tweens and the other aimed at male tweens, were aired in two test-market areas (located in Arizona and Tennessee). The ads were adapted from the children's fluid milk campaign and were titled "Bullies" and "Late Bloomer." The sales response of tweens in the two test-market areas will be compared to the sales response of tweens (who were not exposed to the tweens ads) in two control markets located in Florida and Indiana as a means of measuring the advertisements' effectiveness.

Nutrition Education

A major focus of NDPRB's nutrition-education activities has been on the role of dairy calcium in the diet. The 1984-85 board initiated a calcium program targeted toward health professionals and consumers. This \$2 million program was carried out by the National Dairy Council, Greg Medical Advertising, Inc., American Vocational Association, Myers

Communicounsel, and Lewis and Neale, Inc.. The program's five major components included the following.

1. A calcium-information program included a teleconference on calcium for health professionals, a slide/tape show on osteoporosis for consumer workshops, as well as exhibits for both groups.
2. A calcium advertisement was placed in health-related journals.
3. Information on the programs of six model nutrition-education programs was distributed to groups throughout the U.S.
4. A nutrition-education program for consumers featured a newsletter, Calcium Currents, and a nationwide teleconference on calcium and bone health. Press and video news releases were also distributed.
5. Calcium kits designed specifically for children, teens, young women, and adult women were distributed through supermarkets. The kit contained pamphlets, recipes, and audiovisual materials.

The 1985-86 board continued to promote and distribute the materials produced under the first board's five-part program. The second board also funded the development of three new ads for health-related journals, a patient brochure on osteoporosis, and a supermarket kit on cheese. The 1985-86 board contracted with the National Dairy Council to conduct programs for health professionals and consumers and to translate nutrition-education materials into Spanish for use in schools.

Nutrition Research

The NDPRB initially funded 42 nutrition-research projects at a cost of \$2.6 million. In 1986, 8 of the 42 projects were completed and 17 new projects were added for a total of 51 projects. These 51 projects, which are funded for approximately \$3.3 million, focus on the following five major research areas:

1. Dietary calcium and hypertension/cardiovascular disease;
2. The role of calcium throughout the life cycle;
3. Dietary calcium and cancer;
4. Fats and fatty acids; and
5. Dairy product components (other than calcium) and health.

The NDPRB's nutrition-research program has focused heavily on calcium. In 1986, 41 of the 51 projects funded are calcium-related. This substantial research effort is being carried out at 44 universities, medical institutions, and veterans hospitals. Appendix 7 provides a list of the 1986 projects. NDPRB's nutrition-research projects are administered by the National Dairy Council under contract with the board.

Product Research and Development

Basic-research projects funded in this area are designed to produce new products or new, improved processing methods. Current projects focus on such areas as dairy fermentation, thermal processing, quality assurance, irradiation of dairy products, and biotechnology. NDPRB, as required by the 1983 act, also funds a project that is studying the feasibility of converting surplus nonfat dry milk to casein for domestic and export use.

The NDPRB annually funds 45 to 55 product research and development projects at a cost of \$4.0 to \$4.6 million. Projects, which are funded for one to three years, are being completed and new projects added on a continuous basis. The NDPRB's product research and development projects as of February 1987 are listed in Appendix 8.

NDPRB has also allocated \$1.5 million for the establishment of several Dairy Research Centers at land-grant universities. The purpose of these centers is to support research and educate and train dairy food scientists. The board will provide one-third of each center's funding, with the university and local industry contributing the remainder.

Industry Communications and Public Relations

The purpose of the communications and public relations program area is to keep dairy farmers, cooperative and industry representatives, and the general public informed of the NDPRB's activities. To accomplish this objective, NDPRB spokespersons address producers at various industry meetings using such board-produced materials as a videotape on advertising, research, and nutrition education, and a slide show that explains the reasons for the national promotion program. In 1985-86, board members and staff spoke to more than 60,000 producers. Printed materials are also distributed to producers and the media. Producers receive a periodic "producer-to-producer" letter from NDPRB's chairman and a copy of the board's annual report. Industry leaders and media contacts are mailed the board's monthly newsletter. Press releases, ready-to-print stories, TV news clips, and radio tapes are also prepared and distributed by the NDPRB's communications/PR staff. In 1985-86, NDPRB produced TV public-service announcements on osteoporosis, with 68 U.S. legislators acting as spokespersons.

Export and Military Sales

As mandated by the 1983 act and the 1984 order, the NDPRB is required to solicit proposals to increase the use of fluid milk and dairy products by the military and by persons in developing nations. In 1985-86, an advisory committee was appointed to help the board meet this mandate. Members of the committee include NDPRB's chairman and chief executive officer, a former administrator of the USDA's Foreign Agricultural Service, a former comptroller general of the U.S. Army, and the president emeritus of the American Holstein Association.

Program Evaluation

The 1983 act requires that the secretary of agriculture's annual report to Congress on the national dairy promotion program contain an "independent analysis of the effectiveness of the program." For the 1984-85 report the NDPRB contracted with Arthur D. Little, Inc. to conduct the required analysis. A USDA oversight committee of seven persons with expertise in evaluating generic promotion was appointed to review the research methods, progress, and results of the Arthur D. Little analysis. The board renewed its contract with the Arthur D. Little firm to analyze the effectiveness of the national generic fluid milk advertising programs for the 1985-86 report to Congress. In addition, the USDA's Economic Research Service conducted its own analysis of the board's cheese program for the 1985-86 report. An oversight committee of nine persons was responsible for reviewing the progress and results of both 1985-86 analyses. In addition to work by Arthur D. Little, Inc., the board has contracted in 1986-87 with several universities to conduct further evaluations of the fluid milk advertising effort (Universities of Florida and Arkansas), the calcium advertising and promotion effort (Iowa State University), and the data needs for effective program evaluation and management (Cornell University).

Besides the required independent analysis of the NDPRB's program, the board has contracted with several firms to conduct market-research studies. These studies, which are concerned only with the effectiveness of particular advertisements and advertising strategies, use three evaluation methods: campaign tracking, split-cable scanning, and consumer-attitude surveys. For a detailed description of the board's evaluation efforts, see Chapter 11.

UNITED DAIRY INDUSTRY ASSOCIATION

The United Dairy Industry Association (UDIA) was formed in 1971 to quell concerns among dairy industry leaders that the American Dairy Association (ADA) and the National Dairy Council (NDC) were beginning to overlap in terms of responsibilities and programming. It has since served as an umbrella organization for the ADA, NDC, and Dairy Research, Inc. (DRINC), a corporation involved in product and process research and development.¹

The UDIA, through its 20 member organizations and 32 affiliated Dairy Council units, represented 95 percent of the dairy farmers and 85 percent of the milk marketed in the U.S. in 1985. UDIA's primary purpose, as stated in its bylaws, is "to promote the sale and consumption of domestically produced milk and milk products through programs and activities which may reasonably be expected to result in increased utilization and consumption of milk."²

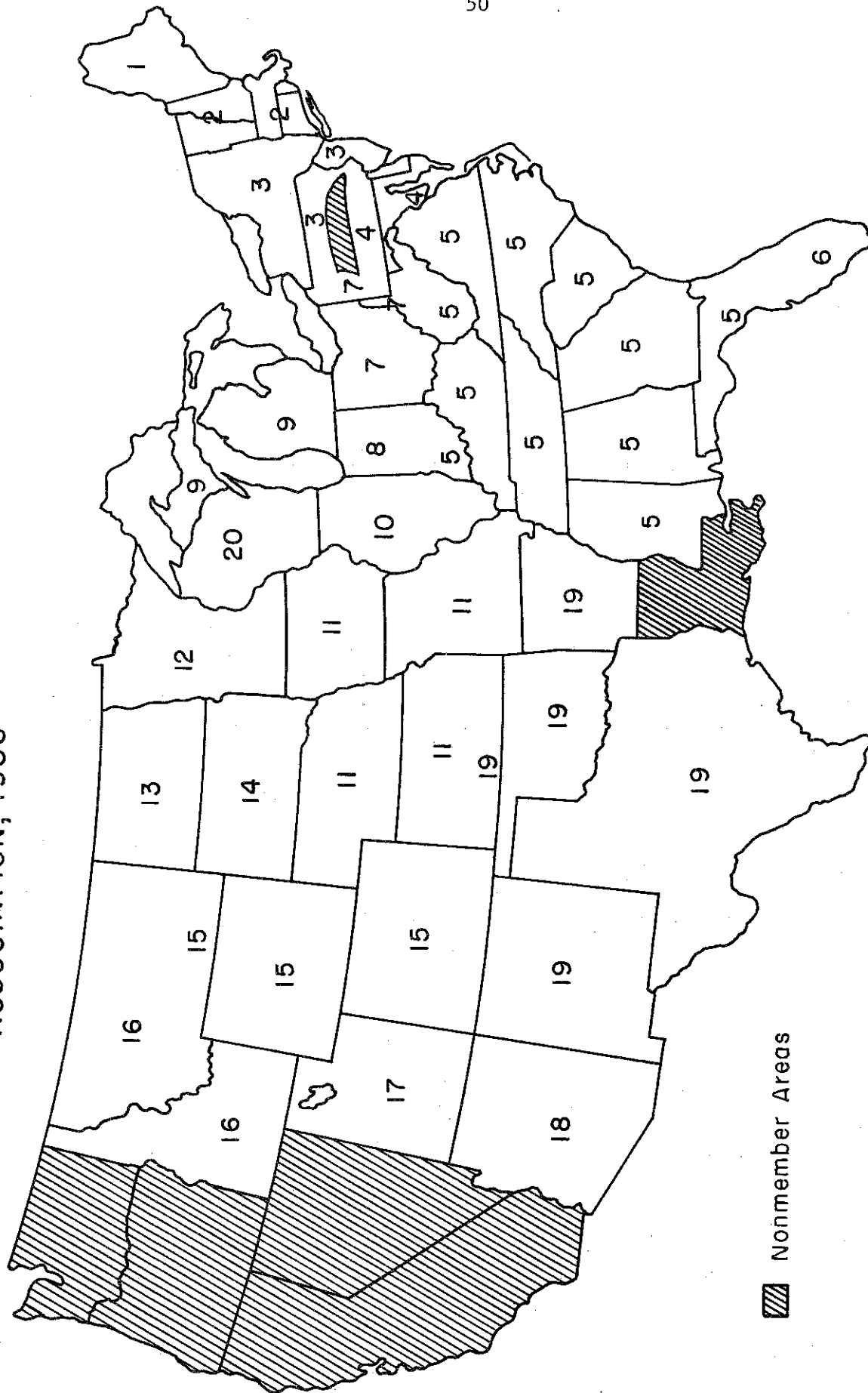
UDIA's Internal Structure

The United Dairy Industry Association is a federation of state or regional dairy promotion organizations (called member organizations), affiliated Dairy Council units, and processors/handlers and equipment/supply manufacturers. As shown in Figure 3.1, UDIA's member

¹For a detailed history of the UDIA from 1971 to 1978, see Stavins and Forker, Dairy Promotion in New York State, 1963-1979, pp. 141-157.

²United Dairy Industry Association, Bylaws, Rosemont, IL, 1985, p. 1.

FIGURE 3.1 MEMBER ORGANIZATIONS OF THE UNITED DAIRY INDUSTRY ASSOCIATION, 1986



KEY TO FIGURE 3.1

1. Maine Dairy Promotion Board
2. Milk Promotion Services, Inc.
3. American Dairy Association and Dairy Council, Inc.
4. Advertising & Promotion Agency, Middle Atlantic Milk Mktg. Area
5. Southeast United Dairy Industry Association
6. Dairy Farmers, Inc.
7. Mid East UDIA
8. Milk Promotion Services of Indiana
9. United Dairy Industry of Michigan
10. American Dairy Association of Illinois
11. Midland UDIA
12. Minnesota Dairy Promotion Council
13. North Dakota Dairy Promotion Commission
14. American Dairy Association of South Dakota
15. Western Dairyfarmers' Promotion Association
16. United Dairymen of Idaho
17. Utah Dairy Commission
18. United Dairymen of Arizona
19. Associated Milk Producers, Inc./Southern Region
20. Wisconsin Milk Marketing Board

organizations in 1986 represented dairy producers from all areas of the U.S. except the Far West and the state of Louisiana.³

The single governing body of UDIA (including ADA, NDC, and DRINC) is the House of Delegates (Figure 3.2). Each member organization with a total unified budget⁴ of at least \$100,000 is entitled to one representative in the House of Delegates. An additional 100 delegates are allocated among member organizations based on each member's percentage of the total of all members' unified budgets.

Processors/handlers and equipment/supply manufacturers are represented in the house by delegates that are selected by the UDIA Board of Directors. Affiliated Dairy Council units that are not represented by a member organization (e.g., Dairy Council of California) and have a minimum budget of \$100,000 may designate one delegate. Such units are entitled to designate one additional delegate for each \$1 million in their budgets over the minimum budget of \$100,000. The number of delegates representing these two groups cannot exceed one-third of the total number of delegates.

In 1986, the House of Delegates consisted of 120 delegates from member organizations and 25 delegates from processors/handlers, equipment/supply manufacturers, and Dairy Council units not represented by a member organization (Table 3.1). Each delegate serves for a one-year term. The House of Delegates has held its annual meeting in the spring, and since 1979 has also held a meeting in the fall. Starting in 1987, the House of Delegates will meet only once a year.

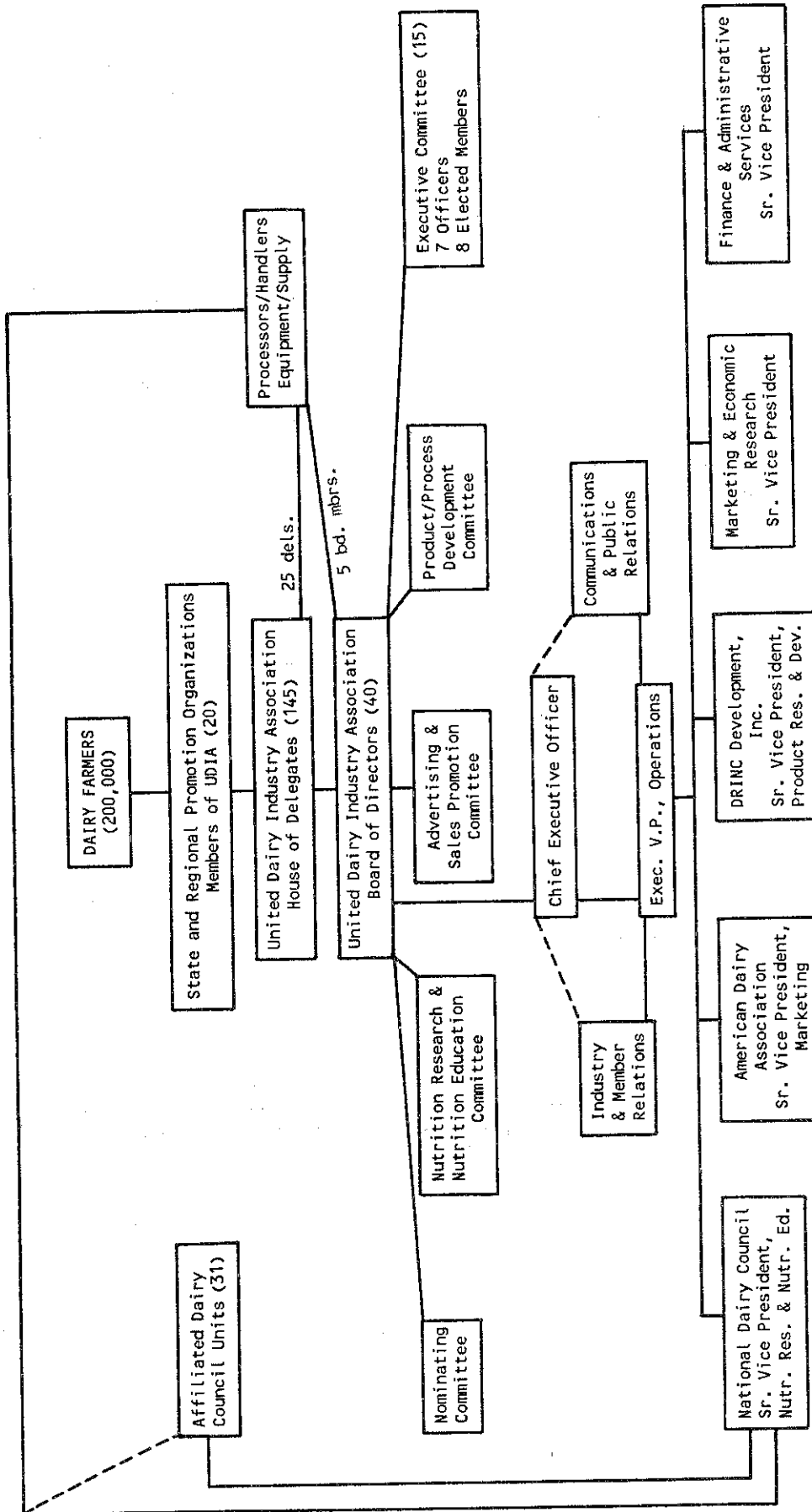
The board of directors is responsible for implementing the programs, policies, and procedures adopted by the House of Delegates. It also serves as the board of directors for the ADA, NDC, and DRINC. In 1986, 40 directors (35 producer directors and 5 processor/handler and equipment/supply manufacturer directors) served on the board. The board is required to meet at least four times each year.

The executive committee, which is elected by and from the board of directors, acts on behalf of the full board to review plans, programs, and budgets and to counsel UDIA's chief executive officer. The executive committee consists of 15 board members: UDIA's 7 officers and 8 additional members. The officers are chairman, first vice chairman, three second vice chairmen, secretary, and treasurer. The three second

³Appendix 9 lists the 20 UDIA member organizations.

⁴"A member's unified budget shall be all income of a member for the appropriate fiscal year that supports the programs of the Association, including the sale and consumption of milk and milk products through research, product development, advertising, and such other promotional, educational, scientific, charitable programs and activities as may be necessary to encourage or stimulate, directly or indirectly, the greater utilization or consumption of milk and milk products" (UDIA, Bylaws, 1985).

FIGURE 3.2 UDIA ORGANIZATION CHART



SOURCE: United Dairy Industry Association, Rosemont, IL, 1986.

TABLE 3.1 UDIA REPRESENTATION AND PARTICIPATION OF MEMBER ORGANIZATIONS AND INDUSTRY AFFILIATES, 1986

	House of Delegates	Board of Directors	Officers
Advertising & Promotion Agency, Middle Atlantic Milk Marketing Area	7	2	0
American Dairy Association & Dairy Council, Inc.	13	4	1
American Dairy Association of Illinois, Inc.	2	1	0
American Dairy Association of South Dakota	2	0	0
Associated Milk Producers, Inc./Southern Region	8	2	1
Dairy Farmers, Inc.	3	1	0
Maine Dairy Promotion Board	1	0	0
Mid East United Dairy Industry Association	8	2	0
Midland United Dairy Industry Association	10	3	0
Milk Promotion Services, Inc.	7	2	1
Milk Promotion Services of Indiana, Inc.	3	1	0
Minnesota Dairy Promotion Council	9	2	1
North Dakota Dairy Promotion Commission	2	1	0
Southeast United Dairy Industry Association	11	3	1
United Dairy Industry of Michigan	6	2	0
United Dairymen of Arizona	3	1	0
United Dairymen of Idaho	4	1	0
Utah Dairy Commission	2	1	0
Western Dairyfarmers' Promotion Association	3	1	0
Wisconsin Milk Marketing Board	<u>16</u>	<u>5</u>	<u>1</u>
ALL MEMBER ORGANIZATIONS	120	35	6
Processors/Handlers, Equipment/Supply Manufacturers	<u>25</u>	<u>5</u>	<u>1</u>
TOTAL	145	40	7

SOURCES: "1986 House of Delegates, United Dairy Industry Association," "1986 Board of Directors, United Dairy Industry Association," and "1986 UDIA Elected Officers."

vice chairmen serve individually as chairman of ADA, DRINC, or NDC (Appendix 10).

New York, whose member organization is the American Dairy Association and Dairy Council, Inc., was allotted 13 delegates in the 1986 House of Delegates. Of these 13 delegates, 4 served on the board of directors and 1 of these board members was elected second vice chairman (chairman of the ADA).

Overseeing the administration and operation of the UDIA is a chief executive officer (CEO). The CEO, who reports directly to the board of directors, supervises the activities of the ADA, NDC, DRINC, and UDIA's four supporting divisions (marketing and economic research, finance and administrative services, industry and member relations, and communications). UDIA's headquarters are located in the Dairy Center in Rosemont, Illinois (Appendix 10).

UDIA's Income and Expenditures: 1979-1985

UDIA's total income has more than doubled since 1979, from \$21.7 million to \$56.2 million in 1985. This increase is due not to a growth in basic program support from member organizations and affiliated Dairy Council units, but rather to increases in earmarked monies forwarded by organizations for specific UDIA activities (Table 3.2).

Basic program support represents the assessed contributions member organizations, affiliated Dairy Council units, processors/handlers, and equipment/supply manufacturers make to UDIA. (The assessment formulas are discussed in Table 3.4.) Basic program support provides funds for the activities of the ADA, NDC, Dairy Research Foundation (a division of DRINC), and UDIA's four divisions. This income source had declined to \$8.0 million in 1985 after reaching a high of \$10.3 million in 1982.

Overriding the decrease in basic program support has been a rise in earmarked monies, especially since 1984. In 1985, earmarked monies totaled \$48.2 million--a 248-percent increase over 1979's \$13.8 million total. The major component of these monies is market intensification funds, which represent local advertising purchased by UDIA/ADA on behalf of members and charged at cost. These funds, which have increased 91 percent since 1979, totaled \$26.5 million in 1985 and represented 55 percent of UDIA's earmarked contributions. The remaining \$21.7 million of earmarked monies came from voluntary promotions for butter and cheese, sales of NDC-produced educational materials, user-pay programs, National Dairy Promotion and Research Board (NDPRB) contributions to UDIA's research and education programs, and payments to UDIA from the Dairy Promotion Federation Association's (DPFA) national advertising pools.

Expenses. UDIA's basic program expenses have, like basic program support, declined since 1982. Furthermore, these expenses (unadjusted for inflation) in 1985 were only 2.6 percent greater than in 1979 (Table 3.2).

TABLE 3.2 UDIA INCOME AND EXPENSES, 1979-1985

	1979	1980	1981	1982	1983	1984	1985
<u>Thousands of Dollars</u>							
INCOME							
Basic program support							
Member organizations & affiliated units	\$ 7,479	\$ 8,333	\$ 8,900	\$ 9,643	\$ 8,058	\$ 7,012	\$ 7,109
Processors/handlers, equipment/ supply manufacturers	267	303	325	287	280	278	261
Operations income	---	---	272	390	588	608	678
Other, primarily investment income	110	230	---	---	---	---	---
Total basic program support	7,856	8,866	9,496	10,320	8,926	7,897	8,048
Big Cheese Promotion	---	3,678	4,510	3,835	---	---	---
Butter promotion	---	---	---	---	---	1,486	980
Calcium/fat/cholesterol programs	---	---	---	---	---	713	62
Cheese promotion	---	---	---	---	3,796	4,376	3,792
Commercial Development Division ^a	(1)	303	384	413	---	---	---
DPFA national pool	---	---	---	---	---	---	7,477
DRINC Development, Inc. ^a	---	---	---	---	319	527	737
Educational materials distribution	---	---	---	1,574	1,531	1,750	2,023
Market intensification	13,848	14,624	17,432	21,332	20,305	25,194	26,450
NDB-research/education	---	---	---	---	---	202	816
Supplemental television production	---	---	---	---	---	1,861	855
User-pay programs	---	---	---	---	---	1,782	4,988
TOTAL REVENUE AND SUPPORT ^f	\$21,703	\$27,472	\$31,823	\$37,474	\$34,876	\$45,787	\$56,227
EXPENSES							
Basic program							
Advertising & marketing services	\$ 2,966	\$ 3,527	\$ 3,818	\$ 4,362	\$ 3,048	\$ 1,924	\$ 1,493
Nutrition research and education	2,106	2,294	2,377	2,514	2,656	2,944	3,142
Dairy Research Foundation ^b	---	---	---	---	311	331	329
Product & process research & development ^b	654	653	715	719	---	---	---
Marketing & economic research	551	580	603	855	888	815	611
Communications ^c	408	498	596	---	---	---	541
Industry & member relations ^e	---	---	264	472	482	573	253
Program planning & services ^e	240	267	---	---	---	---	---
Operations	913	994	1,184	1,225	1,314	1,605	1,673
Total basic program expenses	7,838	8,812	9,556	10,148	8,699	8,191	8,042

TABLE 3.2 (continued)

	1979	1980	1981	1982	1983	1984	1985
	Thousands of Dollars						
Big Cheese Promotion	---	3,678	4,510	3,835	3,796	---	---
Butter promotion	---	---	---	---	---	1,486	980
Calcium/fat/cholesterol programs	---	---	---	---	---	713	49
Cheese promotion	---	---	---	---	---	4,376	3,792
DPFA national pool	---	---	---	---	---	---	7,477
DRINC Development, Inc. a,b	---	---	---	---	238	670	896
Educational materials distribution	---	---	---	1,651	1,668	1,658	2,024
Market intensification	---	14,627	17,427	21,332	20,305	25,194	26,450
NDB-research/education	13,848	---	---	---	---	202	846
Supplemental television production	---	---	---	---	---	1,861	855
User-pay programs	---	---	---	---	---	1,618	4,956
TOTAL PROGRAM EXPENSES ^f	\$21,686	\$27,118	\$31,494	\$36,965	\$34,706	\$45,970	\$56,365

SOURCES: United Dairy Industry Association, Annual Report, 1979 to 1985.

^aIn 1982 the commercial development division of Dairy Research, Inc. became DRINC Development, Inc., a wholly owned subsidiary of UDIA.

^bSince 1983, the expenses of the product and process research and development division have been separated into Dairy Research Foundation and DRINC Development, Inc. expenses.

^cThe functions of the communications division became part of the industry and member relations, and advertising and marketing services divisions in 1982.

^dA new communications and public relations division was formed in 1985. Expenses for this division had been part of the expenses of the advertising and marketing services, and the industry and member relations divisions since 1982.

^eThe industry and member relations division was formed in December 1981. It incorporates the activities previously performed by the program planning and services division and the corporate communications activities of the communications division.

^fAll figures are expressed to the nearest one thousand dollars. Columns may not equal totals shown due to rounding error.

TABLE 3.3 UDIA BASIC PROGRAM EXPENSES, 1979-1985

	1979	1980	1981	1982	1983	1984	1985
	<u>Percent</u>						
Advertising and marketing services ^a	37.8	40.0	40.0	43.0	35.0	23.5	18.6
Nutrition research and education	26.9	26.0	24.9	24.8	30.5	35.9	39.1
Dairy Research Foundation ^b	----	----	----	----	3.6	4.0	4.1
Product and process research and development ^b	8.3	7.4	7.5	7.1	----	----	----
Marketing and economic research	7.0	6.6	6.3	8.4	10.2	9.9	7.6
Communications ^a	5.2	5.6	6.2	----	----	----	6.7
Industry and member relations ^{a,c}	----	----	2.8	4.6	5.5	7.0	3.1
Program planning and services ^c	3.1	3.0	----	----	----	----	----
Operations	11.6	11.3	12.4	12.1	15.1	19.6	20.8
Total UDIA basic program expenses:							
Percent ^d	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Thousands of dollars	\$7,838	\$8,812	\$9,556	\$10,148	\$8,699	\$8,191	\$8,042

SOURCES: United Dairy Industry Association, Annual Report, 1979 to 1985.

^aThe communications division became part of the advertising and marketing services, and the industry and member relations divisions in 1982. In 1985, a new communications and public relations division was formed, which took over the appropriate functions and expenses from the two aforementioned divisions.

^bSince 1983, the expenses of the product and process research and development division have been separated into two parts: Dairy Research Foundation expenses and DRINC Development, Inc. expenses. DRINC Development expenses are not a UDIA basic program expense.

^cIn 1981, a new industry and member relations division was formed, which replaced the program planning and services division.

^dColumns may not equal totals shown due to rounding error.

A major shift in the allocation of these expenses has occurred since 1979 (Table 3.3). Advertising and marketing (ADA) basic program expenses have fallen dramatically due primarily to ADA's increasing reliance on user fees and voluntary contributions to its cheese and butter pools to fund its programs. Nutrition research and education (NDC) expenses have shown a steady increase, growing from \$2.1 million in 1979 to \$3.1 million in 1985. The expenses of UDIA's four divisions, barring the addition and deletion of various divisions, have, as a proportion of total basic program expenses, been fairly stable since 1979. The only division to experience a notable, proportionate increase in expenses was finance and administrative services (operations).

UDIA's total program expenses have paralleled the growth in total income and have, except during 1984 and 1985, fallen slightly below total income. Total program expenses in 1985 were \$56.4 million.

UDIA's Supporting Divisions

As an introduction to the remaining sections in this chapter, a highly simplified⁵ look at UDIA's 1985 basic program expenses is provided below:

American Dairy Association	24%
National Dairy Council	49%
Dairy Research Foundation	5%
United Dairy Industry Association's	22%
Supporting Divisions	<u>100%</u>

The UDIA spent approximately 22 percent of its basic program budget in three divisions: marketing and economic research, communications and public relations, and industry and member relations. An additional division, finance and administrative services, oversees UDIA's operations expenses. The following sections discuss activities in these four divisions as well as the structure and activities of the three affiliated corporations--ADA, NDC, and DRINC.

Marketing and Economic Research

The marketing and economic research division (MER) in 1985 was allocated \$611,000 or 7.6 percent of UDIA's basic program expenses. This division's share of UDIA's expenses has varied little since 1979, ranging between a low of 6.3 percent in 1981 to a high of 10.2 percent in 1983 (Table 3.3).

⁵Operations expenses are not included in the analysis. Dairy Research, Inc. is represented only by the Dairy Research Foundation since DRINC Development, Inc. expenses are not considered a basic program expense.

The MER division has three major functions:

1. To provide marketing information for program development;
2. To diagnose the impact of promotion program materials on their intended audiences as they are produced; and
3. To evaluate the effects of promotion programs as they are implemented.⁶

MER works with ADA, NDC, and DRINC as well as UDIA's member organizations and affiliated Dairy Council units. Since 1984, MER has also collaborated on program evaluation with the National Dairy Promotion and Research Board. MER conducts its research either in-house or through outside marketing research firms and academic institutions. Specific examples of the types of research projects supervised by the MER division are provided below.⁷

Tests of ADA Advertisements: The MER division in 1985 tested the impact of ADA-produced ads for fluid milk, cheese, butter, and ice cream on designated target audiences.

Targets and Appeals Studies: The purposes of these studies are to identify which consumers will be the best targets for an advertising campaign and to determine what advertising appeals will produce the greatest increase in sales. A targets and appeals study was conducted on cheese in 1985 and on fluid milk and butter in 1986.

Attitude and Usage Trend Study: This comprehensive nationwide study, which has been conducted every two years since 1972, examines consumer use of and attitudes toward dairy products. General health and diet issues and consumer lifestyles are also covered.

Evaluation of NDC-Produced Materials: MER has conducted comprehensive studies of the various levels of the FOOD...Your Choice program to determine its long-range effects.

New Product Marketing Research: In cooperation with DRINC Development, Inc., MER conducts economic analyses of the feasibility and potential demand for new products.

The MER division also helps member organizations apply the results of UDIA research to their local program planning and evaluation efforts.

⁶United Dairy Industry Association 1985 Annual Report, Rosemont, IL, p. 19.

⁷Chapter 11 provides detailed information on the evaluation efforts of UDIA's marketing and economic research division.

Communications and Public Relations

The current communications and public relations division was formed in 1985. From 1982 to 1984, this division was part of the advertising and marketing services, and the industry and member relations divisions. Its share of UDIA's basic program expenses has risen modestly since 1979, from 5.2 percent to 6.7 percent (\$541,000) in 1985.

The communications division produced five publications during 1985: the Annual Report, Dairy Center Pipeline, Dairy Center Dateline (new in 1985), Dairy Promotion Quarterly, and Media Memo. It developed a new crisis management plan to handle sensitive issues and crises affecting the dairy industry. This division also established a Joint Communicators Seminar to improve the communications skills of those working for UDIA member organizations and affiliated Dairy Council units. The communications division coordinates major UDIA meetings, and it manages the Dairy Industry Foundation, a nonprofit, charitable organization supported by the dairy industry.

Industry and Member Relations

The 1985 expenditures of the industry and member relations (IMR) division totaled \$253,000 (3.1 percent of UDIA's basic program expenses), making IMR's budget share the smallest of UDIA's four divisions.

IMR has four main responsibilities: (1) to maintain and develop additional funding from member organizations and affiliated Dairy Council units, and to counsel member managers, their staffs, and boards of directors on all UDIA-related matters; (2) to provide orientation and training seminars for UDIA groups, other dairy industry organizations, and visiting dairy groups from abroad; (3) to coordinate the program for processor/handler and equipment/supply manufacturer membership in NDC; and (4) to administer the UDIA Employee Scholarship Fund.

UDIA Basic Program Assessment Rate. One of IMR's key responsibilities is administering the UDIA assessment rate formulas. The formula applied to member organizations has varied since 1979 (Table 3.4). The current formula is based on a three-year average of milk marketed in a member's area and a three-year average of a member's total unified budget, with milk having a 60-percent weight and budget a 40-percent weight in the formula. Table 3.5 lists the proposed 1986 assessments for member organizations. Of the \$6.8 million total, New York's ADADC was to contribute \$795,740 or 11.7 percent. The Wisconsin Milk Marketing Board was the only organization to pay more (\$1,088,651 or 16.0 percent).

Affiliated Dairy Council units are assessed using a 10-7-3 formula. Based on its total unified budget, a Dairy Council unit pays 10 percent on the first \$100,000, 7 percent on the next \$200,000, and 3 percent on any amount above \$300,000.

TABLE 3.4 UDIA BASIC PROGRAM ASSESSMENT RATE, 1979-1986

Year	Assessment Rate
1979	<u>Option</u> : .95 cents per cwt. of milk marketed in a member organization's area in 1978, or 25 percent of its total unified budget.
1980	<u>Option</u> : 1.02 cents per cwt. of milk marketed in a member organization's area in 1978, or 26 percent of its total unified budget.
1981	<u>Formula</u> : A member's dues were calculated by first taking the average of (1) the pounds of milk marketed in the member's area in 1979 as a <u>percentage</u> of the milk marketed in all UDIA members' areas and (2) the member's total unified budget as a <u>percentage</u> of the total unified budgets of all UDIA members. This average percentage was then multiplied by the desired total UDIA membership dues amount, resulting in the member's dues.
1982	<u>Formula</u> : Same as 1981, except using 1980 milk marketed and total unified budget amounts.
1983	<u>Formula</u> : The formula used in 1981 and 1982 was changed first by using <u>three-year averages</u> (1979-81) of milk marketed and total unified budgets to calculate percentages. The milk marketed percentage was then multiplied by 60 percent and added to 40 percent of the total unified budget percentage. This <u>60/40 percentage</u> was then multiplied by the desired total UDIA membership dues amount.
1984	<u>Formula</u> : Same as 1983, except using 1980-82 milk marketed and total unified budget amounts.
1985	<u>Formula</u> : Same as 1983, except using 1981-83 milk marketed and total unified budget amounts.
1986 ^a	<u>Formula</u> : Same as 1983, except using 1982-84 milk marketed and total unified budget amounts.

SOURCES: United Dairy Industry Association, Annual Report, 1979 to 1985, Rosemont, IL; United Dairy Industry Association, Program Plans and Budgets, 1986.

^aADADC's 1986 basic membership dues were computed using the 60/40 formula as follows. The average pounds of fluid milk marketed in ADADC's area during 1982-84 equaled 12.952 billion pounds per year, or 11.6887 percent of the average 110.808 billion pounds per year marketed in all 20 UDIA members' areas. ADADC's average annual total unified budget during 1982-84 was \$8.816 million per year, or 11.7221 percent of the \$75.207 million averaged by all UDIA members during this three-year period. Dues were then calculated by adding 60 percent of 11.6887 percent with 40 percent of 11.7221 percent (or 11.7020, the 60/40 average) and multiplying this 60/40 figure by the \$6.8 million total budgeted UDIA membership dues. ADADC therefore was assessed \$795,740 (11.7020 percent of \$6.8 million).

TABLE 3.5 PROPOSED UNITED DAIRY INDUSTRY ASSOCIATION BASIC MEMBERSHIP DUES, 1986

Member Organization	Proposed 1986 Basic Assessment	Percent of Total Assessment
Advertising & Promotion Agency, Middle Atlantic Milk Marketing Area	\$ 453,807	6.7%
American Dairy Association & Dairy Council, Inc.	795,740	11.7
American Dairy Association of Illinois	101,666	1.5
American Dairy Association of South Dakota	99,607	1.5
Associated Milk Producers, Inc./Southern Region	403,035	5.9
Dairy Farmers, Inc.	136,851	2.0
Maine Dairy Promotion Board	25,392	0.4
Mid East United Dairy Industry Association	463,831	6.8
Midland United Dairy Industry Association	571,236	8.4
Milk Promotion Services, Inc.	385,133	5.7
Milk Promotion Services of Indiana	124,519	1.8
Minnesota Dairy Promotion Council	594,937	8.8
North Dakota Dairy Promotion Commission	57,451	0.8
Southeast United Dairy Industry Association	687,592	10.1
United Dairy Industry of Michigan	339,560	5.0
United Dairymen of Arizona	96,202	1.4
United Dairymen of Idaho	191,821	2.8
Utah Dairy Commission	87,069	1.3
Western Dairyfarmers' Promotion Association	95,900	1.4
Wisconsin Milk Marketing Board	<u>1,088,651</u>	<u>16.0</u>
Total	\$6,800,000	100.0%

SOURCE: United Dairy Industry Association, Program Plans and Budgets, 1986.

TABLE 3.6 UDIA ASSESSMENT FORMULAS FOR PROCESSORS/HANDLERS AND EQUIPMENT/SUPPLY MANUFACTURERS, 1986

PROCESSORS AND HANDLERS	
Product	Rate
Fluid milk products	\$5.00 per million pounds
Butter, dry milk	\$3.60 per 100,000 pounds
Cheese	\$1.92 per 100,000 pounds
Cottage cheese	\$4.00 per 100,000 pounds
Ice cream	\$36.85 per 100,000 gallons
Yogurt	\$4.60 per 100,000 pounds
Soft-serve, ice milk mix and shake base	\$18.60 per 100,000 gallons
EQUIPMENT MANUFACTURERS AND SUPPLIERS	
Annual Sales	Rate
\$500,000	\$500 minimum
\$500,000 to \$5,000,000	\$500 + 30¢ per thousand on sales over \$500,000
\$5,000,000 to \$15,000,000	\$1,850 + 22¢ per thousand on sales over \$5,000,000
\$15,000,000 to \$25,000,000	\$4,050 + 18¢ per thousand on sales over \$15,000,000
Over \$25,000,000	\$5,850 + 12¢ per thousand on sales over \$25,000,000

SOURCES: "Invoice for Processors and Handlers" and "Invoice for Equipment Manufacturers and Suppliers," National Dairy Council, Rosemont, IL, 1986.

Based on these formulas, member organizations and affiliated Dairy Council units provided the UDIA in 1985 with \$7.1 million in basic program support. Processors/handlers and equipment/supply manufacturers, who contributed \$260,619 in 1985 to UDIA's basic program support, are assessed using two separate formulas (Table 3.6). The minimum contribution for both groups is \$500.

Finance and Administrative Services

UDIA's operations expense in 1985 was \$1.7 million or 20.8 percent of its basic program expenses. This expense category has grown steadily since 1979, yet at a slower rate than the increase in UDIA's total program expenses.

The finance and administrative services (FAS) division has two major objectives. First, it provides financial accountability for the funds invested in the promotion programs of UDIA and its member organizations and affiliated Dairy Council units. Second, FAS provides administrative services that help UDIA and its members implement their promotion programs.

AMERICAN DAIRY ASSOCIATION

The American Dairy Association (ADA) was founded in 1940 to carry out milk and dairy product promotion activities in the areas of advertising and merchandising. In 1971, ADA became part of the newly formed UDIA. ADA's governing body is UDIA's House of Delegates, and its board members are the same as UDIA's Board of Directors. One of UDIA's executive committee members serves as chairman of ADA and the board's 13-member advertising and marketing committee. ADA's president (UDIA's senior vice president of advertising and marketing services) oversees a professional staff of 15 persons (Figure 3.3).⁸ Serving directly under ADA's president are the vice president of marketing planning, vice president of marketing services, and director of advertising services.

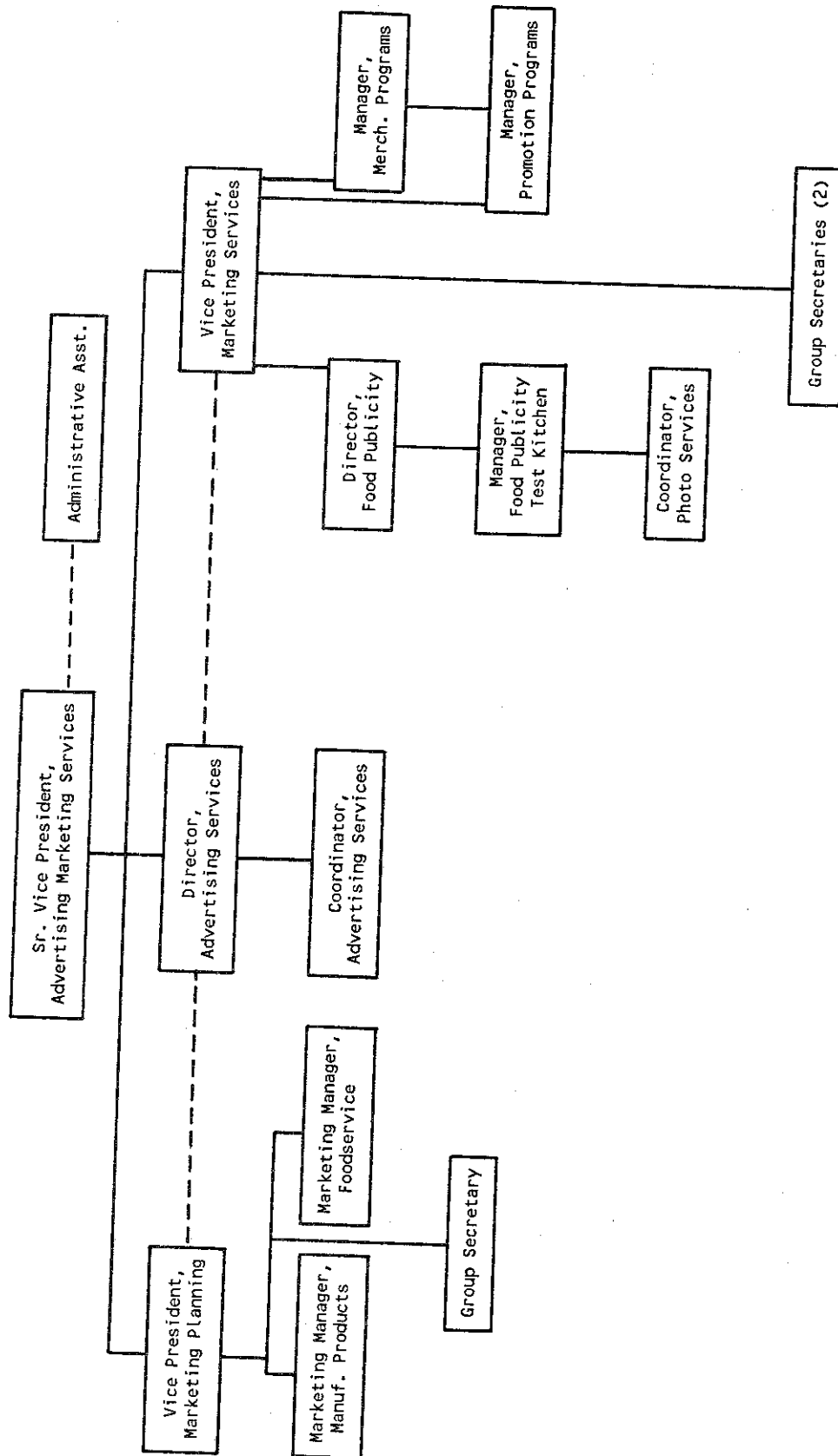
ADA's activities can be grouped into five main areas: advertising, sales promotion, "REAL" Seal, foodservice, and food publicity. A description of each activity area follows.

Advertising

ADA and its advertising agencies are responsible for planning, producing, and placing the advertising programs used by UDIA's member organizations (local market advertising). Since 1984, ADA has also been

⁸For a list of ADA's professional staff, see Appendix 11.

FIGURE 3.3 AMERICAN DAIRY ASSOCIATION ORGANIZATION CHART



SOURCE: American Dairy Association, Rosemont, IL.

responsible for the national young adults' fluid milk, cheese, butter, and ice cream advertising campaigns funded by the NDPRB and the DPFA.⁹

For the past 12 years ADA has employed first the D'Arcy-MacManus & Masius advertising agency and since 1985 the D'Arcy Masius Benton & Bowles¹⁰ advertising agency to develop almost all of its advertising campaigns (except those for butter and foodservice). Each year ADA produces campaigns for fluid milk, cheese, and butter with fluid milk receiving top priority. These campaigns, which specify themes, target audiences, and media plans, are then implemented in local markets by UDIA members and nationally by the NDPRB and DPFA. In 1985, UDIA members purchased \$26.4 million of local market spots, and in 1985-86 the combined NDPRB/DPFA program purchased approximately \$68 million of network buys featuring advertisements produced by ADA's advertising agencies. ADA also develops the advertisements that are part of its seasonal sales promotions.

Table 3.7 lists the advertising themes that ADA has used to promote its top product priority--fluid milk--from 1964 to 1986. Since 1981, ADA has changed its fluid milk theme every two years, compared to every four or five years in the 1970s. Themes have featured milk's value, sensory appeal, and most recently its role in healthy, active lifestyles. ADA's primary fluid milk target audience has been young adults (18 to 34 years old), and its secondary target audiences have been children and teens.

Campaigns for cheese and butter have, for the most part, been targeted at adults (25 to 54 years old for cheese, 18 to 49 years old for butter), with an emphasis on women. Ads produced for ADA's sales promotions also tend to be targeted at the adult market segment.

ADA's advertising production expenses are covered primarily by user fees. Of ADA's \$3.5 million projected ad production expenses in 1986, \$2.2 million was to be paid through user fees (including UDIA/ADA's portion of the NDPRB/DPFA pools).

Sales Promotions

Each year ADA develops several national sales promotions and participates in cooperative sales promotions with major food companies. The materials and services provided by ADA typically include extensive supermarket point-of-purchase materials, consumer advertising, consumer incentives (e.g., sweepstakes, recipe contests), trade industry advertising, trade incentives (e.g., in-store display contests), brochures, and food publicity. In recent years ADA has produced a

⁹The DPFA ceased operations on December 31, 1986. The UDIA opted to maintain DPFA's national pools for fluid milk, cheese, and butter as UDIA pools.

¹⁰D'Arcy-MacManus & Masius merged with another firm to become D'Arcy Masius Benton & Bowles in summer 1985.

TABLE 3.7 AMERICAN DAIRY ASSOCIATION FLUID MILK ADVERTISING THEMES, 1964-1986

Year Theme First Used	Theme	Emphasis	Advertising Agency Used
1964	"Vitality" ^a	Excellent value per nutrient content	Compton
1969	"There's a New You Coming -- Milk the Grade A Way"	Physical fitness	Leo Burnett, Inc.
1974	"Milk Is a Natural"	Cost effectiveness of milk as a source of protein	D'Arcy - MacManus & Masius
1978	"Milk's the One"	Milk as a beverage of choice	D'Arcy - MacManus & Masius
1981	"Milk. The Fresher Refresher"	Sensory appeal of milk	D'Arcy - MacManus & Masius
1983	"Milk's Got More"	Healthy lifestyle	D'Arcy - MacManus & Masius
1985	"Milk. America's Health Kick"	Healthy lifestyle	D'Arcy Masius Benton & Bowles

SOURCES: Stavins and Forker, Dairy Promotion in New York State, 1963-1979; UDIA, Annual Reports, 1979-1985.

^aAlthough themes were frequently changed during the 1964-68 period, "Vitality" was the common motif.

TABLE 3.8 ADA SALES PROMOTIONS, 1979-1986

Year	Theme	Promotional Period
1979	"Better Budget Meals the Dairy Way"	Jan. - Feb.
	"Carefree Days ... The Dairy Way"	June - July
	"Pleasin' Season the Dairy Way"	Nov. - Dec.
1980	"The Dairy Touch Makes It Great"	Jan. - Feb.
	"Dairy Days USA"	June - July
	"Cheese Adds a Slice of Life"	Sept. - Nov.
	"Pleasin' Season the Dairy Way"	Nov. - Dec.
1981	"Hot' N Hearty Dairy Go-Togethers"	Jan. - Feb.
	"Dairy Days USA"	June - July
	"Cheese Adds a Slice of Life"	Sept. - Nov.
	"Pleasin' Season"	Nov. - Dec.
1982	Milk Cooler Promotion	June - July
	"Cheese Adds a Slice of Life"	Sept. - Nov.
	"Pleasin' Season"	Nov. - Dec.
1983	"Fitness Forever on a Budget"	Jan. - Feb.
	"Don't Forget the Cheese"	Feb. - March
	"REAL" Seal Sweepstakes	June - July
	"All American Cheese Jamboree"	Sept. - Oct.
	"Pleasin' Season"	Nov. - Dec.
1984	"Shape Up For Life"	Jan. - Feb.
	"Don't Forget the Cheese"	Feb. - March
	"REAL" Seal Sweepstakes	June - July
	"Cheese Jamboree"	Sept. - Oct.
	"Season's Treatings"	Nov. - Dec.
1985	"Enjoy the Great Cheeses of America"	Feb. - March
	"Have a Dairy Good Summer"	June - July
	"Ice Cream, The Beautiful"	June - July
	"Make Your Meals Sing With Real Cheese"	Oct. - Nov.
	"Season's Treatings"	Nov. - Dec.
	"Made With Love, Tradition and Butter"	Nov. - Dec.
1986	"Vote for the Perfect Cheeseburger"	March - Apr.
	50th Anniversary "June is Dairy Month"	June - July
	"Bring Home Real Dairy Freshness"	Sept. - Nov.
	"Season's Treatings"	Nov. - Dec.

SOURCES: United Dairy Industry Association, Annual Report, 1979 to 1985; UDIA, Program Plans and Budgets, 1986.

spring (cheese), summer (all product), fall (cheese), and holiday (all product) sales promotion for its members (Table 3.8). Materials are funded primarily on a user-pay or pooled-fund basis, and individual member organizations are responsible for implementing the promotion in their areas.

Since 1980, UDIA's member organizations have pooled funds to support selected ADA sales promotions, with the fall cheese promotion in 1980 being the first national, industry-supported ADA promotion. Organizations contributed almost \$4.2 million to this cheese promotion, permitting ADA to add substantial network TV advertising buys to its sales promotion package. The 1983 and 1984 "REAL" Seal Sweepstakes promotions and the spring cheese promotions (starting in 1983) have also been financed primarily by pooled funds. ADA has garnered additional funds for its national cheese promotions from the NDPRB beginning in fall 1984 and continuing through spring 1987. The DPFA cheese pools were the primary sources of funds for the fall 1985 and 1986 national cheese promotions.¹¹

ADA participates throughout the year in cooperative activities with food manufacturers. In most cases, the food manufacturer funds national TV and print advertising and product redemptions, and ADA provides in-store point-of-purchase materials, dairy-carton side-panel artwork, and industry communications. In 1985, ADA's cooperative promotions featured such products as Aunt Jemima pancake mixes, Nabisco Oreo cookies, Libby's Lite fruits, Nestle Morsels, and Jell-O puddings. All cooperative promotions include redemptions for free dairy products (butter, milk, ice cream, and cottage cheese).

"REAL" Seal

In 1980, the California Milk Producers Advisory Board agreed to transfer its "REAL" Seal trademark to the UDIA/ADA for its nationwide administration and promotion. ADA's "REAL" Seal program has had two main objectives:

1. To encourage the dairy industry, especially processors, distributors, and retailers, to incorporate the seal on their packaging and in their promotions; and
2. To increase consumer awareness and acceptance of the "REAL" Seal.

ADA initiated a certified-user program in 1980 as a means of obtaining dairy industry support of the "REAL" Seal. By September 1986, ADA had obtained 1,273 certified-user agreements, representing approximately 90 percent of the potential users of the seal. These certified users, who may display the seal on their dairy products and in

¹¹See Chapters 2 and 4 for more information on NDPRB's and DPFA's participation in the national cheese promotions.

their promotions, include all of the top 20 supermarket chains (by sales volume), many foodservice operators, and a majority of dairy processors.

To increase consumer awareness, ADA's "REAL" Seal program has been supported by spot TV and radio commercials. These ads, which are aired by UDIA member organizations as part of their local market advertising programs, are targeted at adults 25 to 54 years old (primarily women). Member organizations pay for all creative production and materials costs on a user-pay basis. In 1983 and 1984, ADA also sponsored a national "REAL" Seal sweepstakes promotion during June and July. This promotion was supported by funds collected from UDIA and COW Dairymen organizations.

The "REAL" Seal is shown in all ADA and NDPRB advertising and promotional materials. It is also supported extensively through ADA's foodservice programs.

Foodservice

ADA's foodservice program promotes the use of real dairy foods in the foodservice industry, which in 1984 accounted for 31 percent of all dairy product consumption. The foodservice program includes advertising programs and promotions, such as its 1985 recipe contest and monthly 16-page "Real Dairy Discoveries" mini-magazine that is inserted in the trade publication Restaurants and Institutions. To promote the use of real cheese in pizza restaurants, where competition from imitations was growing, the foodservice group initiated the "Real Pizza Maker" program in 1980. Participants in this program contractually agree (on a voluntary basis) to use only 100-percent real cheese in their products and to display ADA's Real Pizza Maker decal in their restaurants. ADA's foodservice personnel also produce merchandising and educational materials for operators and distributors, participate in trade shows and seminars, and help member organizations develop local market foodservice programs.

Food Publicity

The main function of the food publicity program is to publicize and extend ADA's product and sales promotion marketing activities. Recipes, photos, and press releases relating to the dairy products featured in such programs are provided to newspaper, radio, and television food editors, food store consumer specialists, as well as to each UDIA member organization. Food publicity maintains a resource library containing photos, special recipes, and new publications for use primarily by member organizations and their food publicity personnel. In 1986, the food publicity section also developed materials to increase the use of dairy foods among such demographic audiences as senior citizens and children who are learning to cook.

TABLE 3.9 AMERICAN DAIRY ASSOCIATION BUDGET, 1986

	1986 Basic Program	1986 User Program	Voluntary Pool Program	NDPRB/ DPFA Pools	Totals
	<u>Dollars</u>				
ADA expenses	212,500	---	---	---	212,500
Ad production	1,310,000	1,030,000	---	2,400,000 ^a	4,740,000
Sales promotion program	173,500	500,000	4,200,000	---	4,873,500
Foodservice program	172,500	1,320,000	---	---	1,492,500
Food publicity program	176,500	---	---	---	176,500
"REAL" Seal program	26,000	750,000	---	---	776,000
Total program	2,071,000	3,600,000	4,200,000	2,400,000	12,271,000
Space and facilities	108,000	---	---	---	108,000
Program planning, development, and direction	852,000	---	---	---	852,000
Total ADA expenses	3,031,000	3,600,000	4,200,000	2,400,000	13,231,000

SOURCE: UDIA, Program Plans and Budgets, 1986, Rosemont, IL.^aUDIA's (DPFA's) share of this total is \$1.2 million, or 50 percent.

ADA's 1986 Budget

ADA's 1986 projected total operating and program production budget totals \$13.2 million (Table 3.9). Of this total, only \$3.0 million, or 23 percent, is classified as basic program expense. The remaining \$10.2 million will be paid for by user fees (\$3.6 million), voluntary pool contributions (\$4.2 million), and the NDPRB/DPFA pools (\$2.4 million).

NATIONAL DAIRY COUNCIL

The National Dairy Council (NDC) was formed in 1915 by leaders of various dairy producer and dealer groups across the U.S. for the purpose of carrying out activities in the areas of nutrition research and nutrition education. The overall focus of both areas is to emphasize the importance of milk and dairy products in a healthy diet. In 1971, NDC merged with the ADA and Dairy Research, Inc. to form the UDIA.

UDIA's House of Delegates is NDC's official governing body, UDIA's Board of Directors serves as NDC's Board of Directors, one of UDIA's second vice chairmen serves as chairman of NDC, and UDIA's senior vice president of nutrition research/education serves as NDC's president. Serving directly under the president are the vice presidents of NDC's two divisions: nutrition research and nutrition education (Figure 3.4). NDC's staff in Rosemont consists of 26 professionals and 15 support persons.¹²

NDC's Relationship to Other Dairy Promotion Organizations

In 1986, 31 Dairy Council units throughout the U.S. were affiliated with the NDC.¹³ This total included the three Dairy Council units in UDIA's three nonmember states of California, Oregon, and Washington. Affiliated units sign an "affiliation agreement" with NDC that grants each unit exclusive rights and privileges over a specified geographic region (Figure 3.5). In return, the affiliated units must follow NDC's policies, procedures, and programs, and pay an annual affiliation fee.¹⁴ NDC has no additional authority over the affiliated units. Once NDC's programs are developed, field-tested, and produced, the units have exclusive distribution rights for their areas.

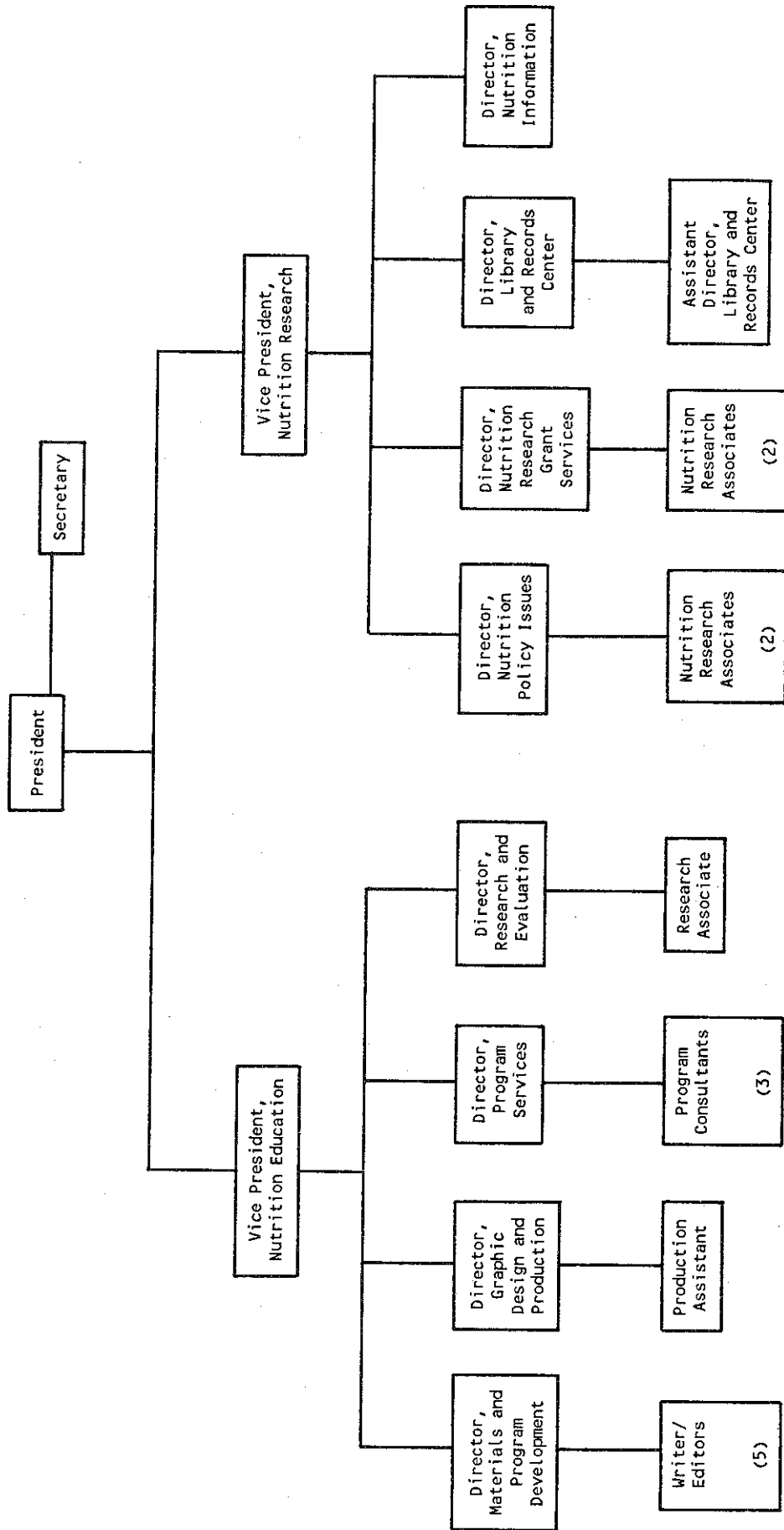
NDC maintains relationships with the National Dairy Promotion and Research Board, the Wisconsin Milk Marketing Board, Midland UDIA, and

¹²For a list of NDC's professional staff, see Appendix 12.

¹³Appendix 13 lists the names and addresses of NDC's affiliated Dairy Council units.

¹⁴Based on its total unified budget, each Dairy Council unit pays 10 percent on the first \$100,000, 7 percent on the next \$200,000, and 3 percent on any amount above \$300,000.

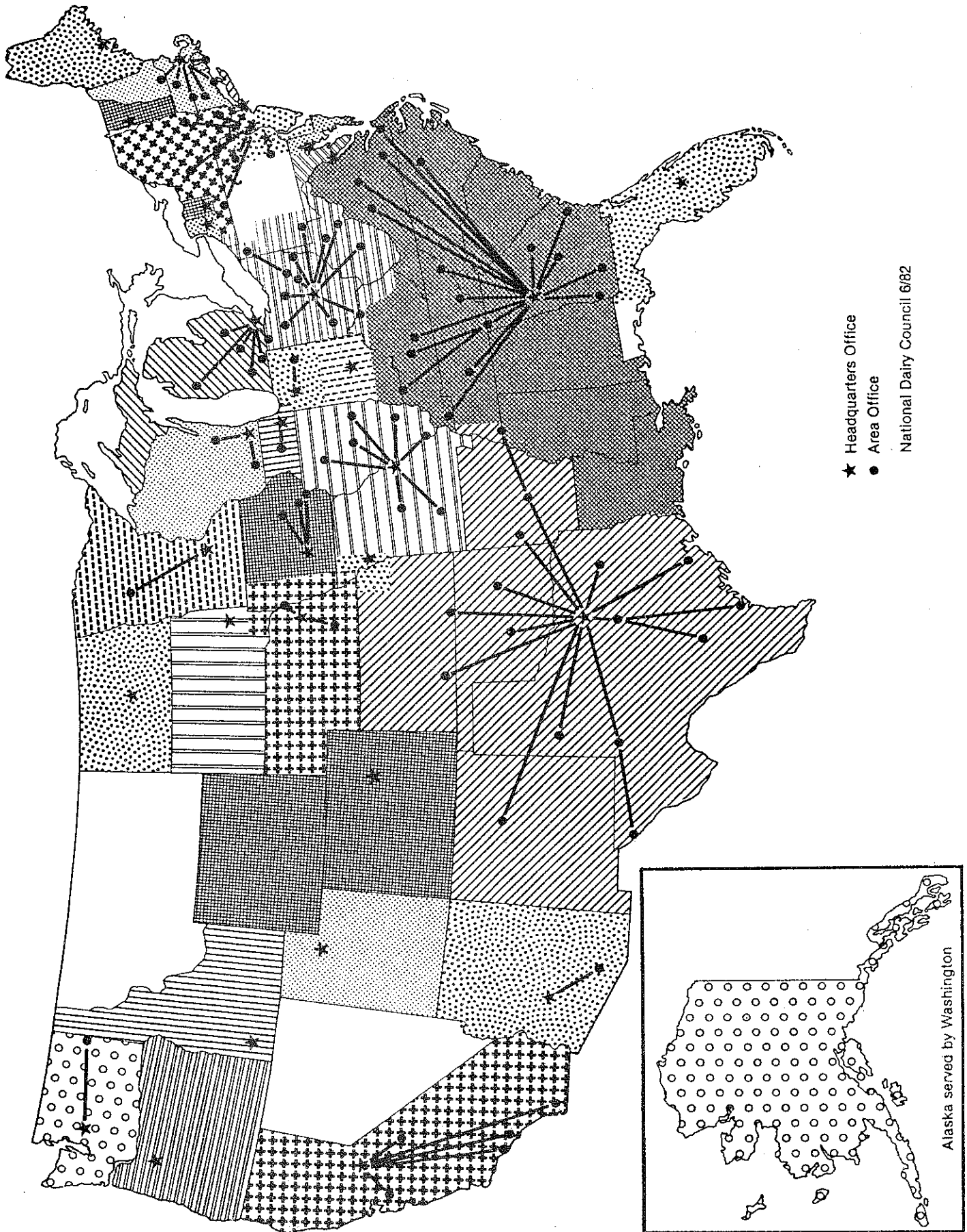
FIGURE 3.4 NATIONAL DAIRY COUNCIL ORGANIZATION CHART



14 Support Personnel

SOURCE: National Dairy Council, Rosemont, IL.

FIGURE 3.5 AFFILIATED DAIRY COUNCIL UNIT LOCATIONS



the Dairy Council of California through its role as administrator of nutrition-research grants-in-aid funded by these four organizations. NDC serves on the Dairy Research Foundation's science advisory committee, which reviews and prioritizes grants-in-aid in the areas of product and process research. It also reviews all ADA promotional materials and UDIA communications containing nutrition-related information. The NDPRB has contracted with NDC to produce several of its nutrition-education projects.

NDC's Division of Nutrition Research

The activities of NDC's Division of Nutrition Research fall into four main categories: research projects, science and health professional contacts, library research, and nutrition information.

Research Projects. Since 1941, NDC has sponsored more than 550 research projects on the nutritional aspects of dairy foods. From 1979 to 1985, NDC funded an average of 30 projects each year. NDC selects these projects, which are awarded grants-in-aid from NDC, from the many Letters of Intent (research proposals) NDC receives each year. NDC's own grants-in-aid in recent years have focused on calcium, the relationship of dairy foods to dental health, heart disease, and cancer, as well as the role of calcium throughout the life cycle.

In addition to its own grants-in-aid, NDC administers projects funded by the NDPRB, Wisconsin Milk Marketing Board, Midland UDIA, and Dairy Council of California.¹⁵ In 1986, it administered a total of 22 projects funded by NDC, 54 by the NDPRB (one project cosponsored by Milk Promotion Services, Inc.), 16 by the WMMB, 1 by Midland UDIA, and 9 by the Dairy Council of California (one project cosponsored by the NDPRB).¹⁶ NDC therefore acts as a "central clearinghouse" for nutrition-research projects funded by the dairy industry.

Science and Health Professional Contacts. NDC launched its Visiting Professorship in Nutrition (VPN) program in 1981. Through its VPN program, the NDC sponsors visits by nutrition experts (many of whom are NDC grants-in-aid recipients) at medical and dental schools throughout the U.S. In 1985, visiting professors spoke at 44 medical and dental schools on such topics as calcium and bone health of children, mothers, and the elderly, and the calcium/blood pressure relationship. The VPN program positions NDC as a respected source of nutrition information, and it allows affiliated Dairy Council units to strengthen their relationships with their area medical and dental schools.

¹⁵See Appendix 7 for a list of the nutrition-research projects administered by NDC in 1986.

¹⁶These totals include projects whose funding ended in 1985 or 1985-86, but had final reports pending. See Appendix 7.

NDC maintains contact with scientists, nutritionists, and other health professionals through conferences and symposia it cosponsors with such organizations as the American Institute of Nutrition, Institute of Food Technologists, and the American Dietetic Association. NDC also organizes nutrition-research conferences on such topics as 1985's "Calcium and Hypertension" and "Hypocholesterolemic Milk Factor--A Discussion of the Evidence."

NDC publishes Dairy Council Digest, a bimonthly publication providing reviews of nutrition research to its over 100,000 health-professional subscribers. NDC also cosponsors two awards: the McCollum Award and the Grace A. Goldsmith Award. Both awards recognize outstanding nutrition research in the health-care area.

The NDC Library. The NDC Library houses a collection of over 8,000 volumes, an extensive slide collection, and a records center containing more than 1.5 million documents, each providing information on dairy foods and their relationships to other foods, nutrition, and health. Although the library's primary activity is to provide information to NDC staff members, it also serves as a resource center for affiliated Dairy Council units, the dairy industry, health professionals, communicators, and consumers. In addition, the NDC Library serves as the Dairy Research Foundation's (a division of DRINC) resource center on product/process research and development.

Nutrition Information. NDC, in cooperation with its affiliated units, sponsors speaker tours as a means of disseminating nutrition-research information to the media and the public. Speaker tours featuring top nutrition experts were held in 20 cities in 1985. NDC's nutrition-research division produces several TV and radio public service announcements each year. Affiliated units then place these announcements with their local television and radio stations.

NDC's Division of Nutrition Education

NDC's nutrition-education programs are designed to help educators and health professionals teach consumers the basics of good nutrition. This division is responsible for the development of nutrition-education materials, their evaluation, and their implementation by the affiliated Dairy Council units.

Materials Development, Graphics Design, and Production.¹⁷ In 1983, NDC completed its FOOD ... Your Choice learning system, a comprehensive nutrition-education program designed for children from preschool through high school. This system includes the following components:

1. FOOD ... Early Choices: Designed for children three to five years old (particularly children in day care, nursery schools,

¹⁷The NDC materials catalog provides a complete list of its programs and publications. This catalog can be obtained from the NDC or the affiliated units.

and Head Start programs) and their parents. Introduced in 1980.

2. FOOD ... Your Choice, Grades 1 to 6: Designed for elementary-school children, grades one through six. Introduced in 1977.
3. FOOD ... Your Choice, Level 4: Designed for students in the seventh through tenth grades. This level includes four separate programs in the areas of home economics, health, science, and social science. Home economics and health were introduced in 1980, followed by science and social science in 1981.
4. In 1983, NDC added two publications to its FOOD ... Your Choice learning system for students in grades 11 and 12: YOU: A Guide to Food, Exercise, and Nutrition, and FOOD POWER: A Coach's Guide to Improving Performance.

Since its introduction in 1977, the FOOD ... Your Choice programs have been placed in over 500,000 schools and have reached more than 26 million students.

NDC offered its first worksite program in 1985 titled LIFESTEPS: Weight Management. This program targets adult consumers who are interested in losing weight or controlling their weight. A new program, LIFESTEPS: General Nutrition, was being developed in 1986.

Both the FOOD ... Your Choice and the LIFESTEPS programs are implemented by NDC through its affiliated unit staff members, who train teachers and health professionals how to conduct the programs. NDC markets these programs to its affiliated units, who in turn sell them to teachers and health professionals. Materials catalogs, flyers, and newsletters produced by NDC are used to market the programs.

In 1985, the nutrition-education division conducted a series of programs on the importance of dairy calcium with funding from the NDPRB and UDIA. The three main elements of the program were Calcium: A Research Update, a videotaped teleconference seen by over 50,000 health professionals; Diagnosis: Calcium Deficiency, an exhibit; and Osteoporosis and You, a consumer-education slide/tape program seen by over three million consumers.

Since 1980, NDC has produced a consumer-information series consisting of brochures on a variety of topics. Three brochures produced in 1986 dealt with food safety, nutrition concerns of women, and fat/cholesterol. NDC also publishes Nutrition News, a quarterly periodical for health education professionals and consumers.

Nutrition-Education Research and Evaluation. NDC sponsors nutrition-education research conferences and grants-in-aid. Research findings and discussions generated by these two activities are used to develop, implement, and evaluate NDC's nutrition-education programs.

TABLE 3.10 NATIONAL DAIRY COUNCIL BUDGET, 1986

Nutrition Research	
Program expense	\$1,045,250
Space and facilities	120,000
Program planning, development, and direction	<u>573,000</u>
Total expenses	\$1,738,250
Nutrition Education	
Program expense	\$ 855,000
Space and facilities	125,000
Program planning, development, and direction	<u>765,000</u>
Total expenses	\$1,745,000
Total NDC expenses	\$3,483,250

SOURCE: United Dairy Industry Association, Program Plans and Budgets, 1986, Rosemont, IL.

NDC is also constantly evaluating its programs to determine their effectiveness and impact.¹⁸

Program Services. NDC coordinates and supports local Dairy Council programming in several ways. First, NDC uses its planning committee and nutrition education program advisory committee, each composed of affiliated unit and NDC staff members, to develop needs assessments and strategic, long-range plans. Second, it offers a variety of staff development activities, including the annual program conference, as well as consultation on program evaluation, management, and marketing. Third, NDC distributes Paradigms, a bimonthly information packet containing nutrition-related information, to its affiliated units. Last, it develops such marketing tools as posters, slides, and exhibits to help local units promote NDC-produced materials.

NDC's 1986 Budget

UDIA's expenses for nutrition research and education increased from \$2.1 million in 1979 to \$3.1 million in 1985 (Table 3.2). NDC's 1986 projected budget totals \$3.5 million, with expenditures for nutrition research and nutrition education approximately equal (Table 3.10).

DAIRY RESEARCH, INC.

Dairy Research, Inc. (DRINC) was established in 1969 for the purpose of producing new or improved products and processes that would expand the market for dairy foods. In 1971 it became part of the newly formed UDIA. DRINC comprises two distinct, but complementary, research and development programs: the Dairy Research Foundation and DRINC Development, Inc. The Foundation administers a basic-research program; DRINC Development, Inc. directs projects to commercialize the products and processes that result from basic research.

The UDIA Board of Directors serves as DRINC's Board of Directors, and UDIA's second vice chairman also acts as chairman of DRINC. DRINC's professional staff consists of its president, the vice president of the Dairy Research Foundation, director of research programs for DRINC, and director of the DRINC Development Laboratory.¹⁹

Dairy Research Foundation

The Dairy Research Foundation (DRF) was established in 1976 to support basic-research activities that will "enhance the quality and

¹⁸Chapter 11 reviews the types of evaluation efforts that NDC has sponsored since 1979.

¹⁹See Appendix 14 for a list of DRINC's officers and professional staff.

stimulate the development of new and increased uses of milk and dairy products."²⁰ DRF accomplishes its objective primarily through its administration of competitive research programs. In 1986, DRF administered 56 research projects in six major research areas: membrane technology, dairy fermentation, thermal processing, physico-chemical properties of dairy constituents, immobilized enzyme systems, and dairy processing plant waste management.²¹ The total funds allocated to these 56 grants equaled approximately \$1 million. The NDPRB funded 43 of the 56 grants, DRF funded 11, the Wisconsin Milk Marketing Board funded 1, and Midland UDIA funded 1 grant.

The vice president of DRF appoints a science advisory committee of 15 dairy scientists from industry, universities, and the government to review research proposals, and evaluate reports of on-going research projects. A project is awarded funding by the board of directors of the organization using DRF's services based on the recommendations of the science advisory committee.

In addition to its competitive research program, DRF supports a postdoctoral fellowship at the Monell Chemical Senses Center in Philadelphia, Pennsylvania. DRF also funds a faculty fellowship and a graduate student/industry fellowship that allows a student to conduct research in a corporate setting. DRF presents its annual Dairy Research Foundation Award to the scientist conducting the best original product or process research at a public institution. It cosponsors the Collegiate Dairy Products Evaluation Contest and publishes the Dairy Research Review (a quarterly publication that helps lay readers understand technical dairy manufacturing terms and processes). DRF also furnishes information to persons interested in dairy product and process research through documents it houses within the National Dairy Council Library.

DRINC Development, Inc.

In 1982 the Commercial Development Division of DRINC was restructured as DRINC Development, Inc. (DDI), a wholly owned subsidiary of UDIA. Its three main objectives are: (1) to develop and promote new technologies that will reduce dairy production and processing costs; (2) to develop economically feasible dairy-based foods that will increase the use of milk products; and (3) to contribute to a better understanding of the technology of milk and its total utilization.²²

Since 1980, DDI has been involved in a freeze-concentration project. This project, which has developed a new technology that removes water from dairy products by a freezing rather than a heating

²⁰"1986 Dairy Research Foundation Guideline for Grant Application."

²¹See Appendix 8 for a list of the 56 research projects administered by the Dairy Research Foundation in 1986.

²²UDIA, Program Plans and Budgets, 1986, Rosemont, IL, p. 95.

process, was initially funded by a limited partnership formed by DRINC and 14 U.S. dairy cooperatives called Dairy Venture I. A pilot plant was built, but before research to test this new technology was completed, the partnership ran out of funds. In 1985 DRINC received funds from the Electric Power Research Institute (EPRI) to complete the evaluation. EPRI and the U.S. Department of Energy have also provided DRINC approximately \$2.4 million to fund a three-year project that will test the new freeze-concentration technology's commercialization potential on both a small and large scale.

During the past several years DDI has supported an on-farm ultrafiltration project. Developed by Cornell University scientists and tested on a larger scale in California (with funding from both DDI and the California Milk Producers Advisory Board), the on-farm ultrafiltration project is being completed with funds provided by the NDPRB.

The NDPRB in 1986 also allotted DDI funds for four new-product development projects: high-calcium milk, restructured butter spread, new milk beverages to compete with soft drinks, and a spreadable-out-of-the-refrigerator lowfat butter spread (Appendix 8). These new-product development projects are being conducted at the DRINC Development Laboratory, which DDI established in 1984 to develop university research into potentially marketable products.

Other DDI projects since 1979 have included research on a milk-based, high-quality cattle feed, work cosponsored by the American Institute of Baking that investigated the use of nonfat dry milk in various bakery products, and the development of a hydrolyzed milk sugar called "fermalose."

DRINC's 1986 Budget

Table 3.2 shows DRINC's income and expenditures for both the DRF and DDI from 1979 to 1985.²³ DRF, whose funds are a UDIA basic program expense, projects its 1986 expenses to be \$360,800 (Table 3.11). As a wholly owned subsidiary of UDIA, DDI obtains its funds from project paybacks, joint-venture income, and outside funding sources. In 1984 and 1985, DDI's income fell short of its expenses (Table 3.2). DDI expects to spend slightly over \$3.5 million in 1986. Its 1986 projected income is \$1.0 million (Table 3.11).

²³Since 1983, DRINC's expenses (listed until 1983 as product and process research and development expenses) have been divided into DRF and DDI expenses.

TABLE 3.11 DAIRY RESEARCH FOUNDATION AND DRINC DEVELOPMENT, INC.
1986 PROJECTED BUDGETS

Dairy Research Foundation	
Expenses	
Program expense	\$250,800
Space and facilities	11,000
Program planning, development, and direction	<u>99,000</u>
Total DRF 1986 expenses	\$360,800
DRINC Development, Inc.	
Income	
National Dairy Promotion and Research Board	\$ 600,000
Electric Power Research Institute	230,000
Internal income	<u>170,000</u>
Total DDI income	\$1,000,000
Expenses	
Program expense	\$3,247,000
Space and facilities	10,000
Program planning, development, and direction	<u>286,000</u>
Total DDI 1986 expenses	\$3,543,000

SOURCE: UDIA, Program Plans and Budgets, 1986, Rosemont, IL,
pp. 94, 99.

DAIRY PROMOTION FEDERATION ASSOCIATION

Prior to the establishment of the National Dairy Promotion and Research Board (NDPRB) in May 1984, almost all of the generic dairy advertising in the U.S. was developed and placed either by the United Dairy Industry Association/American Dairy Association (on behalf of their member organizations) or by the promotion organizations in California, Oregon, and Washington. UDIA and the far western organizations--collectively known as COW Dairymen, Inc.--operated independently of each other and produced completely different advertising campaigns.¹

As soon as it became apparent that the establishment of the National Dairy Promotion and Research Board was to become a reality, dairy leaders expressed an immediate need to coordinate the yet-to-be planned advertising activities of the NDPRB with those of the state and regional dairy promotion agencies. Dairy leaders believed that by coordinating NDPRB's advertising programs with those produced by UDIA/ADA and COW Dairymen, U.S. consumers would receive a stronger, more unified advertising message. Furthermore, state and regional promotion agencies could schedule and place ads more efficiently, they could take advantage of lower cost network advertising (as opposed to, in most cases, more expensive local market ads), and they could avoid duplicative advertising efforts, if they were working closely with the NDPRB. As a result of these perceived needs, UDIA and COW Dairymen formed a partnership known as the Dairy Promotion Federation Association (DPFA) on May 25, 1984.

The first NDPRB, after reviewing proposals for advertising by several firms, opted to use the on-going programs that had been developed for UDIA by D'Arcy-MacManus & Masius of Chicago and for COW Dairymen by McCann-Erickson of San Francisco, in its 1984-85 campaigns.

¹See Chapters 3 and 9 for more information on the UDIA and ADA, and the California, Oregon, and Washington dairy promotion organizations.

DPFA, as the representative of both organizations, was awarded almost all of NDPRB's 1984-85 advertising contracts. Since 1984-85, the NDPRB has taken an increasingly more active role in the development of its advertising campaigns. In 1985-86, the NDPRB, in partnership with the DPFA, contracted and worked directly with the agencies that produced the board's 1985-86 ad campaigns. In 1986-87, the NDPRB contracted directly with its advertising agencies, independent of the DPFA.

From August 1985 to December 1986, the DPFA was also responsible for placing national advertisements financed by state and regional dairy promotion organizations. These funds, called the DPFA pools, supplemented NDPRB's network advertising budgets for young adults' fluid milk, cheese, and butter. In 1985-86, the DPFA pools added another \$25.1 million to NDPRB's \$65.0 million advertising program.

The DPFA continued until December 31, 1986, when the leaders of the associated organizations agreed that the arrangement was no longer serving a useful purpose. The 1986 portion of the \$22.6 million 1986-87 DPFA pools was implemented by the DPFA prior to its termination. The 1987 portion of the pools was placed by the UDIA/ADA as UDIA pools (using the DPFA funds allocated by UDIA members) and by COW Dairymen as regional network pools in the far western region (using the DPFA funds allocated by COW Dairymen members).

Internal Structure

DPFA had a 12-member board of directors composed of 9 persons appointed by UDIA's Board of Directors and 3 persons appointed by COW Dairymen. The DPFA board and NDPRB's advertising and sales promotion committee formed a joint committee that ultimately approved the combined NDPRB/DPFA national advertising campaigns. Overseeing the DPFA pool funds was a management committee consisting of 12 managers of state or regional dairy promotion organizations. Of the 12 members, 7 were managers of UDIA member organizations, 2 were UDIA staff members, and 3 were managers of COW Dairymen member organizations.

DPFA Pools

The DPFA pools consisted of voluntary contributions made by state and regional dairy promotion organizations for national advertising. During the pools' two fiscal years (1985-86 and 1986-87), almost all UDIA and COW Dairymen member organizations contributed funds to DPFA's three product pools for young adults' fluid milk, cheese, and butter.

The DPFA budget process began in the spring when the DPFA Board of Directors proposed a pool amount for each product. The proposed pools in 1986-87 were \$13 million for young adults' fluid milk, \$9 million for cheese, and \$6 million for butter (Table 4.1). Each UDIA and COW Dairymen member organization was then asked to contribute a specified amount ("fair share") to each pool based on its producers' share of the

TABLE 4.1 PROPOSED VS. ACTUAL DPFA POOLS, 1985-86 and 1986-87

	1985-86		1986-87	
	Proposed Budget	Actual Commitment	Proposed Budget	Actual Commitment ^a
<u>Thousands of Dollars</u>				
FLUID MILK				
UDIA member organizations	12,462	9,766	10,872	9,458
COW Dairymen	<u>2,538</u>	<u>2,301</u>	<u>2,128</u>	<u>1,850</u>
Total	15,000	12,067	13,000	11,308
CHEESE				
UDIA member organizations	8,074	7,926	8,086	7,189
COW Dairymen	<u>926</u>	<u>514</u>	<u>914</u>	<u>413^b</u>
Total	9,000	8,440	9,000	7,602
BUTTER				
UDIA member organizations	4,580	4,476	3,811	3,599
COW Dairymen ^c	<u>1,420</u>	<u>100</u>	<u>2,189</u>	<u>138</u>
Total	6,000	4,576	6,000	3,737
Total, UDIA member organizations	25,116	22,168	22,769	20,246
Total, COW Dairymen	<u>4,884</u>	<u>2,915</u>	<u>5,231</u>	<u>2,401</u>
TOTAL POOL FUNDS	30,000	25,083	28,000	22,647

SOURCE: Dairy Promotion Federation Association.

^aDPFA implemented the 1986-87 pools until its termination on December 31, 1986. In 1987, DPFA funds contributed by UDIA members were being placed by UDIA/ADA as UDIA pools. Funds contributed by COW Dairymen members were being placed by that group as regional network pools.

^bIncludes purchase of sales promotion materials only.

^cThe Washington Dairy Products Commission was the only COW Dairymen member to contribute funds to the DPFA butter pools.

total pounds of milk going to Class I sales (fluid milk), cheese, and butter.

To illustrate, dairymen in the American Dairy Association and Dairy Council, Inc. area (the promotion organization representing F.O. 2 producers) produced 5.2 billion pounds of the U.S. total 50.7 billion pounds of milk going to Class I sales in 1985, or 10.288 percent. The American Dairy Association and Dairy Council (ADADC) was therefore asked to contribute \$1,337,440, or 10.288 percent, to the proposed \$13 million DPFA pool for fluid milk in 1986-87. ADADC's "fair share" for cheese was \$906,300 (10.070 percent of \$9 million) and for butter \$119,340 (1.989 percent of \$6 million). An organization's proposed pool contributions therefore reflected the volume of milk produced in its area as well as the final use of the milk produced.

As Table 4.1 shows, the actual funds committed by the dairy promotion organizations fell short of the proposed pools. Several organizations opted to contribute smaller amounts than their DPFA fair shares or to not participate at all in certain pools. In turn, the DPFA attempted to sell or black out its network advertisements in nonparticipating areas. Contributions made by UDIA member organizations tended to be closer to the proposed amounts (particularly in the cheese and butter pools) than funds provided by COW Dairymen members (Table 4.1). Overall, the combined \$25.1 million 1985-86 DPFA pools fell \$4.9 million, or 16 percent, short of the proposed \$30.0 million pools. The combined \$22.6 million 1986-87 projected DPFA pools were \$5.4 million, or 19 percent, less than the proposed \$28.0 million pools.

Advertising Programs

Since the DPFA pools were not formed until 1985, DPFA was responsible only for planning and executing NDPRB's \$82.2 million advertising program in 1984-85. Chapter 2 contains a detailed description of the NDPRB's first advertising effort.

Advertising Program, 1985-86. From September 1985 to August 1986 the DPFA pools spent \$25.1 million on national advertising (Table 4.2). These funds purchased ads for young adults' fluid milk (\$12.1 million), cheese (\$8.4 million), and butter (\$4.6 million). The DPFA pools did not supplement NDPRB's children's fluid milk, calcium, ice cream, and dry milk ad campaigns.² Together, these two organizations spent \$90.0 million on national dairy product advertising or promotion.³

²Chapter 2 contains a detailed description of the NDPRB's 1985-86 and 1986-87 advertising programs, including target audiences, advertising themes, and media used.

³ADADC, the regional dairy promotion program operating in F.O. 2 (including New York State), contributed \$2.4 million to the 1985-86 DPFA pools. See Chapter 7 for a complete description of ADADC's advertising programs since 1979.

Advertising Program, 1986-87. The projected pools for 1986-87 equal \$22.7 million (Table 4.2). These funds were to be spent on ads for young adults' fluid milk (\$11.3 million), cheese (\$7.6 million), and butter (\$3.8 million). Once again the pools did not supplement NDPRB's children's fluid milk, calcium, ice cream, and dry milk ad campaigns. The 1986-87 combined NDPRB/DPFA advertising expenditures were projected to total \$87.0 million, a decrease of \$3.0 million from the 1985-86 total.

THE NEW YORK STATE DAIRY PROMOTION PROGRAM 1978-1986

Funding for dairy promotion became mandatory in New York State with the approval of the New York Dairy Promotion Order in 1972. This order requires all New York producers of milk for market to contribute to the dairy promotion effort at a uniform assessment rate. Also specified in the order is the establishment of an advisory board, which advises and assists the New York State Commissioner of Agriculture and Markets in the administration of the order.¹

The advisory board consists of ten members, nine members representing cooperatives and one at-large member. Members are appointed for three-year terms.² The duties and responsibilities of the advisory board, as described in the order, are as follows:

1. Recommend to the commissioner rules, regulations, and amendments to the order.
2. Prepare and submit to the commissioner at least 30 days in advance of each fiscal year an estimated budget.
3. Recommend methods of assessing producers and of collecting the necessary funds.

¹The New York Dairy Promotion Order is provided in Appendix 2.

²Ten alternate advisory board members are also selected. Each of the nine organizations represented on the board is allowed to endorse two dairy farmers for board membership. The farmer not appointed to the board by the commissioner is appointed as the alternate. The duties of an alternate are to attend board meetings and to keep the regular member informed of actions taken by the board whenever he or she is absent. Provisions for alternate members are not included in the act nor in the order.

4. Assist the commissioner in the collection and assembly of information needed to administer the order.

Chapter 1 describes the activities of the first two advisory boards.³ The following is a review of the key activities and expenditures of the Third, Fourth, and Fifth Advisory Boards.

The Third Advisory Board: May 1978-April 1981

The Third Advisory Board held its first of 26 meetings on June 8, 1978. William Underwood was reelected chairman, William Zuber was elected vice chairman, and Herbert Kling was reelected secretary.⁴

The Third Advisory Board continued to monitor closely and approve, often with modifications, the programs and expenditures of the organizations and institutions supported by New York Dairy Promotion Order funds. These organizations were the American Dairy Association and Dairy Council of New York (ADA&DCNY), Dairy, Food and Nutrition Council (DFNC), and Dairy Council of Metropolitan New York (DCMNY). The order also allows New York dairy producers marketing their milk either under one of the state orders or under a federal order outside the state where a local promotion program is operating to contribute their assessments to these "companion" programs. The board, therefore, monitored the activities of Milk for Health on the Niagara Frontier (operating in State Order 127), the Rochester Health Foundation (State Order 129), Milk Promotion Services, Inc. (Federal Order 1), and Mid East United Dairy Industry Association (Federal Order 36). The board also regularly reviewed the research programs conducted by Cornell University scientists with order funds.

The board continued to consider alternative promotion programs. Specifically, the board spent several meetings reviewing the program developed by the Cunningham and Walsh Advertising Agency for the dairy promotion organizations in California, Oregon, Washington, and Arizona. This program attracted the board's attention since fluid milk consumption in these states had increased while consumption had decreased in other areas of the U.S., including New York. The board also examined in detail the promotion programs developed by the D'Arcy-MacManus & Masius agency for the United Dairy Industry Association (UDIA) and ADA&DCNY. As a result of these reviews, the board decided to extend its contracts with the ADA&DCNY and UDIA.

³For a detailed description of the activities of the first two New York State Milk Promotion Advisory Boards, see Stavins and Forker, Dairy Promotion in New York State, 1963-1979, pp. 39-49.

⁴For a list of the members of the Third Advisory Board, see Appendix 15.

The Third Amendment to the Dairy Promotion Act (1978)

Although the Third Advisory Board continued to recommend a five cent per cwt. assessment, the ADA&DCNY and several dairy leaders in the state expressed an interest in increasing this level to keep pace with the rising costs of ADA&DCNY's advertising and promotion programs. Since the five-cent rate equaled the maximum rate allowed by the order at that time, any change in the rate required an amendment to the order. The amendment process, as provided for in the Dairy Promotion Act of 1969, required a hearing on the proposed amendment, followed by a producer referendum. This procedure presented an important obstacle to any attempt to increase the maximum assessment rate. If the referendum on the amended order resulted in a negative vote, it might be construed that the order itself had been rejected.⁵

To stop such a situation from developing, it was necessary to modify the 1969 act's provisions regarding changes in the assessment rate. On July 24, 1978, the Dairy Promotion Act of 1969 was amended as follows:

...the commissioner, upon written petition of no less than twenty-five percent of producers in the area, either as individuals or through cooperative representation, may call a hearing for the sole purpose of establishing a new rate of assessment hereunder and may submit a proposed change in the rate of assessment to the producers for acceptance or rejection without otherwise affecting the order (Article 21-A, (d), 1(c)).

This amendment set the stage for the subsequent change in the maximum rate of assessment.

Amendments to the New York Dairy Promotion Order (1981)

During its July 17, 1979 meeting, the Third Advisory Board discussed at length whether to change the maximum rate of assessment through an amendment to the order. The board members generally agreed that an increase was needed to offset the rising costs of promotion, particularly advertising costs. The board, however, could not agree on how the rate should be changed. As a result, the members decided to hold an informal meeting with the organizations represented on the board so that a consensus of opinion could be reached.

This informal meeting was held on October 25, 1979 in Syracuse. The 16 persons attending the meeting represented each of the organizations on the board (except Yankee Milk), the Department of

⁵Stavins and Forker, p. 51.

Agriculture and Markets, and Cornell University. Six⁶ of the nine organizations represented on the board favored an amendment to the order that would permit an assessment rate of up to one percent of the simple average uniform price for the New York-New Jersey Milk Marketing Order at the 201-210 milk zone for 3.5-percent butterfat milk for the preceding calendar year. Allied Federated Cooperatives and Dairylea Cooperative, by vote of their boards of directors, favored a 0.6 percent maximum rate of assessment. Eastern Milk Producers Cooperative Association, by resolution of its House of Delegates as amended by its board of directors, preferred that the order be terminated and replaced by a system of voluntary contributions.

Also discussed at this meeting was whether to conduct a referendum only on the amendment or to also vote for continuance of the entire order. Although the Dairy Promotion Act of 1969 had been amended to permit a separate vote on the assessment-rate change, several participants noted the cost-saving advantage of holding a single vote on the order, including the proposed amendments.

On December 24, 1979 the Department of Agriculture and Markets issued a notice of hearing (as petitioned for by more than 25 percent of New York dairy producers) that announced a public hearing would be held in Syracuse on February 12, 1980 on the two proposed amendments to the order. The first amendment concerned the assessment rate. The two proposals set forth in the notice of hearing were to increase the maximum assessment rate either (1) from the current five cents per cwt. to nine cents per cwt. or (2) to a percentage of the simple average uniform price, ranging from 0.6 to 1.0 percent. The second amendment concerned minor changes to Section 40.22 of the order that were directly related to the first amendment.

The hearing was held on February 12 and 13, 1980. Cooperative associations representing about 8,600 dairy farmers, 25 individual dairy farmers, the New York Farm Bureau, and the New York State Grange testified in support of raising the maximum assessment rate. They cited three reasons for the increase:

1. The cost of promotion programs had increased with price inflation whereas the assessment rate had been constant.
2. Additional promotion funds were needed to counter the decline in per capita milk consumption.

⁶New York Farm Bureau, Rochester Cooperative Milk Producers Bargaining Agency, Yankee Milk, Niagara Frontier Cooperative Milk Producers Bargaining Agency, Northeast Dairy Cooperative Federation, and New York State Grange.

3. Milk promotion had proven to be a profitable investment for New York dairy farmers.⁷

Cooperatives representing about 1,500 New York dairy farmers and 8 individual dairymen testified in opposition to any increase in the maximum assessment rate. The following seven reasons for no increase were cited by the opponents:

1. Dairy farmers couldn't afford to contribute more because of increases in their production costs.
2. The cost of promotion should be built into the price consumers pay for milk rather than deducted from the price received by dairy farmers.
3. The fact that fluid milk sales had declined indicated that promotion was not effective.
4. Contributions for promotion should be voluntary.
5. Promotion had not increased milk prices to farmers as much as the overall rate of inflation.
6. Advertising was of no consequence if there was not enough milk produced to supply the market.
7. Advertising funded by New York dairy producers helped promote the sale of imported dairy products.⁸

Following the presentation of considerable evidence supporting an increase in the maximum assessment rate and examination of several proposals that would establish such an increase, the commissioner of Agriculture and Markets in his June 9, 1980 determination opted to amend Section 40.23 of the order as follows:

...The assessment shall apply to all milk delivered by producers to milk dealers for sale (including the milk of a milk dealer's own production handled for sale) and shall not exceed a rate per hundredweight which corresponds with the simple average uniform price for the New York-New Jersey Milk Marketing Order (I NYCRR Part 20) at the 201-210 mile zone for 3.5 percent butterfat milk for the preceding calendar year, rounded to the nearest whole cent, as set forth in the following schedule:

⁷New York Department of Agriculture and Markets, "Proposed Amendment to the New York Dairy Promotion Order (I NYCRR Part 40), Determination," June 1980.

⁸Ibid.

Simple Average Uniform Price for Preceding Calendar Year	Maximum Rate of Assessment
--	----------------------------------

Dollars Per Hundredweight

10.01 - 10.75	.065
10.76 - 11.50	.070
11.51 - 12.25	.075
12.26 - 13.00	.080
13.01 - 13.75	.085
13.76 - 14.50	.090
14.51 - 15.25	.095
15.26 - 16.00	.100

In the event the average uniform price for the New York-New Jersey order for the preceding calendar year does not fall within the ranges listed in the foregoing schedule, such schedule shall be extended by the same incremental amounts.

This schedule equates to a 1-cent increase in the assessment rate for each 75-cent increase in the price of milk during each preceding calendar year.

The commissioner announced that a referendum would be held August 1, 1980 to November 28, 1980 to determine if New York dairy producers favored the continuance of the order for a three-year period starting May 1, 1981 and if producers approved the proposed amendments to the order relating to the assessment rate.

Of the 15,063 producers eligible to vote in the referendum, 9,673 (64.2 percent of the total number of producers) voted on the proposed amendments either individually or through bloc votes by their cooperatives (Table 5.1). Of this total, 7,317 producers (75.6 percent of those voting) expressed approval of the amendments. In the vote to continue the order, 9,983 producers (66.3 percent of the total number of producers) cast ballots. Of this total, 8,380 producers (83.9 percent of the producers voting) expressed approval. Therefore, in his final determination on December 8, 1980, the commissioner found that both the amendments (to Sections 40.22, 40.23, and 40.41) and the continuance of the promotion order (Section 40.36) were favored by at least 51 percent of the producers voting and that at least 51 percent of the eligible producers had cast ballots, as required by the Dairy Promotion Act. The amendments took effect January 1, 1981, with the assessment rate increasing from 5 cents per cwt. to 7.5 cents per cwt. for the period January 1, 1981 to April 30, 1981. The order was extended for another three-year period, starting May 1, 1981.

Expenditures Under the Third Advisory Board

The Third Advisory Board continued to allocate order funds to local and national advertising and promotion, nutrition education, product and market research, and administration. Contracts with the ADA&DCNY and

TABLE 5.1 SUMMARY OF NEW YORK DAIRY PROMOTION ORDER REFERENDA, 1980 and 1983-84

	Fourth Referendum: Amendments to the Order August 1, 1980 to Nov. 28, 1980		Fourth Referendum: Continuance of the Order August 1, 1980 to Nov. 28, 1980		Fifth Referendum Nov. 1, 1983 to Feb. 28, 1984	
	Approvals	Disapprovals	Approvals	Disapprovals	Approvals	Disapprovals
Individual ballots	1,090	2,074	1,691	1,475	1,296	1,259
Net votes by cooperative bloc voting	6,227	282	6,689	128	7,897	54
Total	7,317	2,356	8,380	1,603	9,193	1,313
Total no. of producers	15,063		15,063		14,200	
Total no. voting	9,673		9,983		10,506	
Total no. voting as a percentage of total producers	64.2%		66.3%		74.0%	
Total no. of approvals as a percentage of total no. voting	75.6%		83.9%		87.5%	

SOURCES: New York State Department of Agriculture and Markets, "Final Determination in the Matter of the New York Dairy Promotion Order (I NYCRR, Part 40)," Albany, NY, December 1980; New York State Department of Agriculture and Markets, "Final Determination in the Matter of the New York Dairy Promotion Order (I NYCRR, Part 40)," Albany, NY, March 1984.

TABLE 5.2 NEW YORK DAIRY PROMOTION ORDER INCOME AND EXPENSES^a BY FISCAL YEARS, ^b 1978-79 to 1985-86

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
	<u>Dollars</u>							
INCOME								
Carryover funds ^c	-129,639	-61,256	94,906	551,112	433,655	487,072	493,587	-227,504
Assessment income	3,857,397	3,960,083	4,757,467	6,658,858	7,159,176	7,431,520	8,528,393	8,905,558
Contribution to support milk qual. research	0	0	0	27,500	0	0	0	0
Interest earned	47,775	57,189	61,817	120,662	82,471	65,521	59,892	47,630
Audit adjustment	0	0	57	724	18,539	8,600	6,294	3,915
Total income	3,775,533	3,956,016	4,914,247	7,358,856	7,693,841	7,992,713	9,088,166	8,729,599
EXPENSES								
Nutrition education	877,306	862,130	885,753	988,459	988,138	1,079,840	1,308,071	1,227,189
Advertising and sales promotion	1,797,741	1,780,303	2,070,570	4,158,043	4,484,014	4,519,735	6,291,005	5,611,989
Communications and supporting services	311,389	332,072	374,679	487,767	559,499	737,530	853,240	889,160
National program support	720,885	710,125	803,001	858,509	806,215	700,359	541,428	499,807
Cornell University	32,320	48,120	102,723	292,369	265,127	237,080	174,783	274,832
research	97,148	129,256	101,420	140,054	103,776	224,582	147,143	167,057
Administration								
Total expenses	3,836,789	3,862,006	4,338,146	6,925,201	7,206,769	7,499,126	9,315,670	8,670,034
Carryover funds	-61,256	94,010	576,101	433,655	487,072	493,587	-227,504	59,565

SOURCES: New York State Department of Agriculture and Markets, A Report to New York State Dairy Farmers on Programs and Activities Under the New York Dairy Promotion Order, Marketing Years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83, 1983-84, 1984-85, 1985-86.

^a Less out-of-state and state order programs.

^b The fiscal year for the promotion order is May 1 to April 30.

^c Year-to-year differences due to timing of receipt of income and expenses.

its affiliated organizations,⁹ UDIA, and the Departments of Agricultural Economics and Food Science at Cornell University were extended. The board also signed a new contract with Cornell's Division of Nutritional Sciences to conduct a study on nutrition education.

During this three-year period, May 1978 to April 1981, assessment income rose from \$3.9 million to \$4.8 million, a 23-percent increase. (As noted earlier, the assessment rate rose from 5 cents per cwt. to 7.5 cents per cwt. on January 1, 1981, which accounts for part of this increased revenue.) Total income rose slightly more, from \$3.8 million to \$4.9 million (Table 5.2).

The basic expenditure patterns of the first two advisory boards were continued by the Third Advisory Board (Table 5.3). The basic breakdown of expenses during this board's tenure was as follows:

Advertising and sales promotion	46.9%
Nutrition education	21.9%
National program support	18.6%
Communications & supporting services	8.4%
Cornell University research	1.5%
Administration	2.7%

Media advertising and sales promotion expenses (allocated to ADA&DCNY) continued to dominate the expenditure of order funds. The only category to experience a steady decline in its share of total expenditures was nutrition education.

The Fourth Advisory Board: May 1981-April 1984

The Fourth Advisory Board held its first of 23 meetings on June 3, 1981. At this meeting William Underwood, William Zuber, and Herbert Kling were reelected chairman, vice chairman, and secretary, respectively. Nine of the ten members of the Third Advisory Board were reappointed members of the Fourth Advisory Board.¹⁰ The remaining member (Carl Peterson) was appointed to represent Agri-Mark, Inc., the successor to Yankee Milk.

The board continued to monitor closely the organizations and special projects receiving New York Dairy Promotion Order funds. Because a major portion of these funds was expended by ADADC, Inc. (previously known as ADA&DCNY) and its affiliated organizations, its advertising plans and promotional activities were regularly reviewed and

⁹For a detailed description of the activities of ADA&DCNY (now ADADC, Inc.), its affiliates, and other organizations and institutions funded by the board, see Chapter 6.

¹⁰For a list of the members of the Fourth Advisory Board, see Appendix 16.

TABLE 5.3 ALLOCATION OF EXPENDITURES BY THE NEW YORK DAIRY PROMOTION ORDER, 1978-79 to 1985-86

Expenses	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
	<u>Percent^a</u>							
Advertising and sales promotion	46.9	46.1	47.7	60.0	62.2	60.3	67.5	64.7
Nutrition education	22.9	22.3	20.4	14.3	13.7	14.4	14.0	14.2
National program support	18.8	18.4	18.5	12.4	11.2	9.3	5.8	5.8
Communications and supporting services	8.1	8.6	8.6	7.0	7.8	9.8	9.2	10.3
Cornell University research	0.8	1.2	2.4	4.2	3.7	3.2	1.9	3.2
Administration	2.5	3.3	2.3	2.0	1.4	3.0	1.6	1.9

^aColumns may not add to 100 percent due to rounding error.

modified by the board. The board also received frequent research reports from Cornell University's Departments of Agricultural Economics and Food Science, and the Division of Nutritional Sciences. The Division of Nutritional Sciences completed its study of nutrition education in New York State during the board's term.

The board supported a special New York State Cheese Promotion that sought to increase purchases of New York produced cheeses, particularly cheddar cheeses. This promotion, which concentrated on the New York City market, was a joint effort of the ADADC and the New York State Cheese Manufacturers Association. Stickers carrying the logo "Produced in New York" were placed on the state's cheese products to create a "brand image" in the minds of consumers.

The Fourth Advisory Board also followed closely the proposals and subsequent legislation that established the National Dairy Promotion and Research Board (NDPRB). The New York board on September 23, 1982, moved that the secretary of agriculture be informed that it opposed the mandated 15 cent per cwt. deduction from commercial dairy farmers' checks. The board further resolved that if such payments were made, it wanted 10 cents of the 15 cent per cwt. deduction to be remitted to the appropriate local milk promotion agency.

The national Dairy Promotion and Research Order, which was implemented in 1984, allowed dairy farmers to receive a credit of up to 10 cents per cwt. for contributions to qualified promotion programs. The assessment rate mandated by the New York Dairy Promotion Order, however, was 8.5 cents per cwt. during the 1983-84 fiscal year. Legislation was therefore introduced and passed by the New York Assembly and signed into law mandating that the assessment rate for the New York order be equal to the maximum credit permitted state and regional programs under the national Dairy Promotion and Research Order.

Since this 10-cent assessment was estimated to increase New York order income by \$1.2 million in 1984-85, the Fourth Advisory Board, during its last meeting, revised the 1984-85 promotion order budget. Media advertising (particularly fluid milk advertising) was the primary beneficiary of the increased revenues, receiving \$1.1 million of the \$1.2-million increase. (The actual income and expenditures of the Fifth Advisory Board during 1984-85 will be discussed in the next section.)

Expenditures Under the Fourth Advisory Board

The Fourth Advisory Board continued its contracts with the American Dairy Association and Dairy Council, Inc. and its affiliated organizations to provide local and national advertising and promotion, and nutrition-education programs. The board also extended its contracts with the Departments of Agricultural Economics and Food Science and the Division of Nutritional Sciences at Cornell University. The board, therefore, continued to allocate order funds for basically the same activities that had been funded by previous boards.

Total income and the level and basic expenditure pattern under the Fourth Advisory Board, however, changed. Total income levels increased significantly during the board's tenure due primarily to the increase in the assessment rate to 8 cents per cwt. in 1981-82 and 8.5 cents thereafter as allowed by the 1981 amendments to the order.¹¹ Assessment income rose from \$4.8 million in 1980-81 to \$6.7 million in 1981-82, a 40-percent increase (Table 5.2), and continued to increase during the board's three-year term. From May 1981 to April 1984, total income was approximately \$23.0 million, an 82-percent increase over the total income of the previous three-year period.

Expenditure levels kept pace with this jump in income, increasing 80 percent over the Third Advisory Board's total expenditures. With this increase came changes in the expenditure pattern of the Fourth Advisory Board. A comparison of the basic expenses under these two advisory boards follows:

	1978-79 to <u>1980-81</u>	1981-82 to <u>1983-84</u>
Advertising and sales promotion	46.9%	60.8%
Nutrition education	21.9%	14.1%
National program support	18.6%	11.0%
Communications & supporting services	8.4%	8.2%
Cornell University research	1.5%	3.7%
Administration	2.7%	2.1%

As this comparison shows, the advertising and sales promotion allocation (both in dollar and percentage terms) increased significantly. Nutrition education received a smaller share of order funds (although dollar expenditures rose slightly during the three-year term). National program support, or UDIA dues, decreased during this period due to a change in UDIA's assessment rate formula.¹² Funds allotted to Cornell University research more than doubled.

The Fifth Referendum

Joseph Gerace, commissioner of Agriculture and Markets, announced on September 28, 1983 that a referendum would be held to determine if New York dairy producers favored the continuation of the promotion order. This fifth referendum was held from November 1, 1983 to February 28, 1984.

¹¹For four months following the approval of the 1981 order amendments, the assessment rate was increased from 5 cents per cwt. to 7.5 cents per cwt.

¹²The UDIA assessment rate formulas that have been used since 1979 are given in Table 3.4.

Of the 14,200 producers eligible to vote, 10,506 (74 percent) participated either individually or through bloc votes of their cooperatives. Of those voting, 9,193, or 87.5 percent, approved the continuation of the order. This approval rate is the highest since the order began (Tables 1.4 and 5.1). The commissioner, in his final determination issued on March 9, 1984, found that the New York Dairy Promotion Order was favored by at least 51 percent of those voting and that at least 51 percent of the eligible producers had voted in the referendum. The order was therefore extended for another three-year period, beginning May 1, 1984.

The Fifth Advisory Board: May 1984 to the Present

The newly appointed members of the Fifth Advisory Board met for the first time on July 26, 1984.¹³ William Underwood was reelected chairman, and Beriah Willson and Lyle Newcomb were elected vice chairman and secretary, respectively. Six of the ten members of the Fourth Advisory Board were reappointed members of the Fifth Advisory Board. The four new members were selected as representatives of the New York Farm Bureau, Eastern Milk Producers Cooperative Association, Allied Federated Cooperatives, and the Northeast Dairy Cooperative Federation.

The Fifth Advisory Board has continued to monitor and approve, often with modifications, the programs and expenditures of ADADC, Inc., DFNC, DCMNY, the order's various companion programs, and research conducted by the Departments of Agricultural Economics and Food Science at Cornell University. The board also followed closely the activities of the new National Dairy Promotion and Research Board.

Amendments to the Dairy Promotion Act (1986)

On July 1, 1986 the Dairy Promotion Act of 1969 was amended. This amendment abolished the act's requirement that a referendum be held every three years, and it reduced the percentage of dairy farmers needed to petition for a hearing to amend or terminate the order from 25 percent to 10 percent. With these amendments, New York's act now contains similar provisions on referenda and hearings as those specified in the Dairy and Tobacco Adjustment Act of 1983.

Expenditures Under the Fifth Advisory Board

The Fifth Advisory Board extended its contracts with the American Dairy Association and Dairy Council, Inc. (and its affiliated organizations) as well as the Departments of Agricultural Economics and Food Science at Cornell University.

¹³For a list of the members of the Fifth Advisory Board, see Appendix 17.

Total income during the Fifth Advisory Board's first two years was at its highest level ever due to the increase in the assessment rate from 8.5 cents per cwt. in 1983-84 to 10 cents per cwt., the maximum allowed by the national Dairy Promotion and Research Order. Assessment income rose from \$7.4 million in 1983-84 to \$8.5 million in 1984-85--a 15-percent increase--to \$8.9 million in 1985-86 (Table 5.2).

The Fifth Advisory Board followed roughly the same expenditure pattern of the Fourth Advisory Board (Table 5.3). A comparison of the basic expenses of these two advisory boards follows:

	1981-82 to 1983-84	1984-85 and 1985-86
Advertising and sales promotion	60.8%	66.1%
Nutrition education	14.1%	14.1%
National program support	11.0%	5.8%
Communications & supporting services	8.2%	9.8%
Cornell University research	3.7%	2.5%
Administration	2.1%	1.7%

Media and sales promotion expenditures accounted for almost two-thirds of the order's expenses. Nutrition education maintained its 14.1-percent share. The proportion of order funds spent in the areas of national program support, Cornell University research, and administration were all lower than the Fourth Advisory Board's allocations.

Table 5.4 shows the estimated income and expenditures of the New York Dairy Promotion Order for 1986-87.

TABLE 5.4 ESTIMATED INCOME AND EXPENSES OF THE NEW YORK DAIRY PROMOTION ORDER, MAY 1, 1986 TO APRIL 30, 1987

INCOME

Estimated carry-over from 1985-86	\$ 380,000
Assessment income @ \$.10 per hundredweight	11,750,000
Interest income	<u>49,000</u>
Total income	\$12,179,000

LESS:

State order programs	\$1,149,000	
Out-of-state programs	<u>1,546,000</u>	
		\$ <u>2,695,000</u>

Total available for expenditures of advisory board and Department of Agriculture and Markets administration	\$ 9,484,000
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EXPENSES^a

In-state advertising, promotion, nutrition education, and other contract programs	\$ 8,439,000
National advertising and promotion programs, research and education	645,000
Contract research	150,000
Administration	<u>250,000</u>
Total expenses	\$ 9,484,000

^aA more detailed breakdown of anticipated expenses was not available at the time of publication.

STATE OR REGIONAL DAIRY PROMOTION ORGANIZATIONS AND INSTITUTIONS FUNDED BY NEW YORK PRODUCERS

Six organizations, whose primary purpose was milk and dairy product promotion, were operating in New York State in 1986: American Dairy Association and Dairy Council, Dairy Council, Inc. (comprised of two divisions, Dairy Council of Metropolitan New York and Dairy, Food and Nutrition Council), Milk for Health on the Niagara Frontier, Dairy Council of the Niagara Frontier Area, Rochester Health Foundation, and Dairy Council of Rochester. One institution, the New York State Department of Agriculture and Markets, oversees the operation of the New York Dairy Promotion Order and its advisory board, but plays no direct role in dairy promotion. Some New York dairy farmers contributed funds in 1986 to two out-of-state companion programs--Milk Promotion Services, Inc. (New England) and the Mid East United Dairy Industry Association (Federal Order 36). This chapter examines the history, structure, income and expenditures, and major promotional activities of each of these eight organizations and one institution from 1979 to 1986.¹

AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC.

The American Dairy Association and Dairy Council, Inc. (ADADC), which until 1980 was known as the American Dairy Association and Dairy Council of New York, Inc., was founded in 1960 to serve as the funding agent of the American Dairy Association (ADA) and the local Dairy Council units in the Federal Order 2 market area. In 1972, ADADC signed a contract with the New York Commissioner of Agriculture and Markets to carry out the state's dairy promotion and nutrition-education program

¹For the history of these state and regional organizations prior to 1979, see Stavins and Forker, Dairy Promotion in New York State, 1963-1979, pp. 57-115.

using New York Dairy Promotion Order funds. This contract, with modifications from year to year, continues to this day.

Internal Structure of ADADC

The ADADC operates under New York's Not-For-Profit Corporation Law. The two major objectives of the organization are:

1. To develop and coordinate special programming in the areas of advertising, promotion, nutrition education, and nutrition research to increase the consumption of milk and milk products; and
2. To provide for research programs designed to develop new and improved dairy products.²

The ADADC serves the Federal Order 2 milk marketing area, which includes parts of New York, New Jersey, and Pennsylvania. It has offices in Syracuse, New York and Williamsport, Pennsylvania to serve the organization's 20,000 members.

The ADADC is currently governed by a 38-member board of directors. Of the 38 members, 19 are elected (one each from the 19 districts into which ADADC's area is divided), 8 are appointed by specified farm organizations,³ and 11 serve as at-large members. The 1986 board consisted of 27 members from New York, 8 from Pennsylvania, and 3 from New Jersey. The board meets four times a year. Members of the board receive a per diem and are reimbursed for their expenses.

The board of directors elects five officers (president, vice president, second vice president, secretary, and treasurer) and employs an executive vice president who directs ADADC's operations and activities.⁴ An executive committee supervises the work of the executive vice president (Figure 6.1). This committee meets 8 times per year.

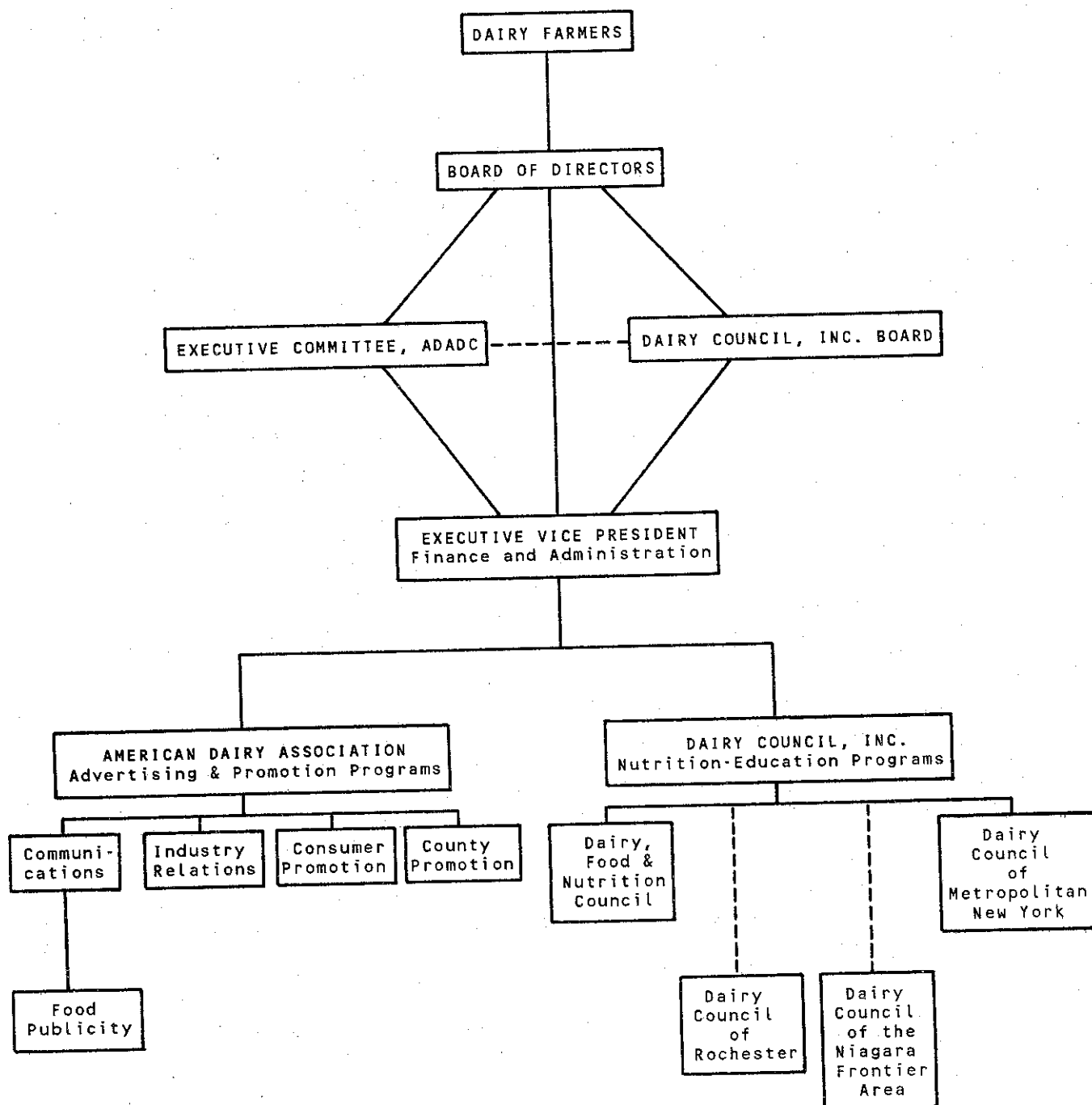
Each of ADADC's 19 districts also has a district committee. These committees provide information on ADADC's programs to area producers. The ADADC also has 46 county promotion committees, which are mainly associated with the dairy princess program.

²American Dairy Association and Dairy Council Fact Sheet.

³Allied Federated Cooperatives, Dairyalea Cooperative, Eastern Milk Producers Cooperative Association, New York Farm Bureau, New York State Grange, Niagara Frontier Cooperative Milk Producers Bargaining Agency, Northeast Dairy Cooperative Federation, and Rochester Cooperative Milk Producers Bargaining Agency.

⁴For a list of the 1987 officers and current staff of ADADC, see Appendix 18.

FIGURE 6.1 AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC. ORGANIZATION CHART, 1986



SOURCE: American Dairy Association and Dairy Council, Inc., Syracuse, NY.

ADADC's executive vice president supervises a full-time staff of 17 persons, 12 of whom are located in Syracuse, 4 in Williamsport, and 1 in Cedar Knolls, New Jersey.

ADADC's Relationship to Other Dairy Promotion Organizations

In 1986, ADADC was involved to varying degrees with all of the dairy promotion organizations and institutions operating in New York State as well as the institutions responsible for dairy promotion in the Federal Order 2 market areas of New Jersey and Pennsylvania. On the national level, ADADC also maintained relationships with the United Dairy Industry Association (UDIA) and its affiliated corporations (ADA, National Dairy Council, and Dairy Research, Inc.), the Dairy Promotion Federation Association, and the National Dairy Promotion and Research Board.

ADADC's key involvement is with the New York State Department of Agriculture and Markets, which furnishes over 70 percent of ADADC's total income through assessments collected under the New York Dairy Promotion Order. These funds are provided via contractual agreements between ADADC and the Commissioner of Agriculture and Markets of the State of New York.⁵ The New York State Milk Promotion Advisory Board recommends to the commissioner whether to enter into or continue the contractual relationships between the commissioner and the ADADC. Furthermore, the advisory board regularly modifies and approves the promotional plans and budgets of ADADC and its affiliates. Besides these contractual ties, three of the ten advisory board members also serve on the ADADC Board of Directors.

Almost all of the nutrition-education funds allocated to ADADC by the commissioner are then transferred by ADADC to Dairy Council, Inc. (DCI). This new corporation, which was formed in 1986, had two divisions during its first year, the Dairy Council of Metropolitan New York and the Dairy, Food and Nutrition Council. Starting in 1987, these two former organizations are referred to only as DCI. ADADC became the sole member of DCI. The ADADC membership, therefore, oversees the activities of DCI. Furthermore, the directors who serve on ADADC's executive committee also serve as the DCI Board (Figure 6.1). ADADC provides administrative and financial services to DCI, and its executive vice president oversees the programs and budgets of DCI.⁶

A small sum of nutrition-education funds is sent by ADADC to the Dairy Council of the Niagara Frontier Area and the Dairy Council of

⁵The commissioner maintains three distinct contractual agreements: one is with ADADC, another is with the National Dairy Council and ADADC, and the third is with UDIA and ADADC. See the last section in this chapter on the New York State Department of Agriculture and Markets for more information.

⁶More information on Dairy Council, Inc. and the activities of its two former divisions is provided later in this chapter.

Rochester to cover half the costs of Dairy Council activities in several counties not covered by these units' marketing areas. Besides this relationship with these two Dairy Council units, ADADC also works with the two promotion programs operating in State Orders 129 and 127. The Rochester Health Foundation (State Order 129) forwards about 70 percent of its total budget to ADADC, which in turn purchases local media advertising for the Foundation, pays the Foundation's share of UDIA basic support, and forwarded funds to the DPFA advertising pools on its behalf. ADADC is less involved with Milk for Health on the Niagara Frontier (State Order 127), although the relationship between the two programs has recently grown stronger. Milk for Health also forwards funds to ADADC to cover its share of UDIA basic support in return for the use of ADA-produced ads. The parent organizations of both Milk for Health on the Niagara Frontier and the Rochester Health Foundation⁷ are represented on the ADADC Board of Directors.

ADADC receives funds from the board of directors of the New Jersey Dairy Promotion Order. These funds are collected from dairy producers in the northern half of New Jersey, which is part of the Federal Order 2 market area. Other out-of-state contributions come via a positive letter program in the Pennsylvania Federal Order 2 area. Both New Jersey and Pennsylvania dairy producers are represented on the ADADC Board of Directors.

ADADC is a member organization of the United Dairy Industry Association. As such, it helps to support the American Dairy Association, National Dairy Council, and Dairy Research, Inc. ADADC contributed to the Dairy Promotion Federation Association's advertising pools. It is also recognized by the National Dairy Promotion and Research Board (NDPRB) as a qualified promotion organization.

ADADC Income and Expenditures

Since 1979, the American Dairy Association and Dairy Council, Inc.'s annual income has more than doubled, reflecting primarily the changes in the assessment rates that have occurred during this period.⁸ Total ADADC income in 1985 was \$11.2 million, a 145-percent increase over 1979's total income of almost \$4.6 million (Table 6.1).

Almost all of ADADC's income comes from its five sources of funding. In 1985, 98.6 percent of ADADC's total income came from these sources. The New York Milk Promotion Fund (funds collected under the New York Dairy Promotion Order) is the primary funding source (Table 6.1). The share of income coming from the New York Milk

⁷Niagara Frontier Cooperative Milk Producers Bargaining Agency and Rochester Cooperative Milk Producers Bargaining Agency.

⁸Assessment rate changes occurred due to the 1981 amendment to the New York Dairy Promotion Order and to the implementation of the national Dairy Promotion and Research Order. See Chapters 2 and 5 for more detailed information.

Promotion Fund has declined, however, in recent years, while the shares from the Federal Order 2 areas of Pennsylvania (collected via positive letter) and New Jersey (collected under the New Jersey order) have increased. The Rochester Health Foundation has continued to provide funds to ADADC, contributing 2.7 percent of ADADC's 1985 total receipts. Support from Milk for Health on the Niagara Frontier has been less consistent, with this organization terminating its funding of ADADC from 1982 to 1984. In 1985, the Niagara Frontier program once again began sending ADADC funds for its share of UDIA fees and the purchase and placement of ADA-produced media advertisements in the Buffalo area.

Total 1986 receipts from these five sources were expected to equal \$11.6 million. Of this total, the New York Milk Promotion Fund was expected to provide 73.2 percent, Pennsylvania F.O. 2 positive letter program 21.1 percent, Rochester Health Foundation 2.4 percent, New Jersey F.O. 2 area 2.3 percent, and Milk for Health on the Niagara Frontier 1.0 percent. The remaining \$150,000 of ADADC's 1986 total income was projected to come from interest income (\$70,000) and sales of promotional materials (\$80,000).

Some fairly dramatic changes have occurred to ADADC's expenditure pattern since 1979. Foremost, expenditures for market advertising and sales promotion have continually increased from 44.6 percent of ADADC's total expenditures in 1979 to 66.8 percent in 1985 (Table 6.2). This increase is due to many factors, but primarily to rising advertising costs and to the New York Milk Promotion Advisory Board's strong interest in maintaining a substantial local media advertising program. Another factor in this increase has been the change in member-unit funding of UDIA programs. An increased share of the funds sent to UDIA by ADADC is now for "earmarked" programs, rather than for general UDIA support. As a result, these earmarked funds are included in the market advertising expense category rather than the UDIA category. This change partially explains the considerable decrease in UDIA support expenditures since 1979. UDIA has altered its membership assessment method several times since 1981, also reducing ADADC's contributions.⁹

Nutrition-education programs conducted primarily by the Dairy Council of Metropolitan New York and the Dairy, Food and Nutrition Council (now known as Dairy Council, Inc.) remained at about the same funding-intensity level, despite their decreasing share of ADADC's total expenditures. The ADADC in 1985 matched funds with the Dairy Council of Rochester and the Dairy Council of the Niagara Frontier Area to help cover the cost of nutrition-education programs they conducted in counties outside their marketing areas.¹⁰ In 1985, nutrition-education programs were allotted \$1.6 million, the largest dollar amount, but the smallest proportion of ADADC's total expenditures, since 1979.

⁹For more information on UDIA's programs and funding methods, see Chapter 3.

¹⁰See the sections in this chapter on these two Dairy Councils for further information on their expanded areas.

TABLE 6.2 AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC. EXPENDITURES, 1979-1986

	1979	1980	1981	1982	1983	1984	1985	1986 ^a
	Thousands of Dollars							
UDIA support	1,060 23.2%	1,171 24.2%	1,058 15.1%	1,076 15.5%	1,007 12.9%	682 6.7%	677 5.9%	870 7.4%
Market advertising and sales promotion	2,037 44.6%	2,118 43.8%	4,124 58.7%	3,811 54.7%	4,588 58.5%	6,772 66.7%	7,668 66.8%	7,890 67.1%
Nutrition education (Dairy Council units)	1,004 22.0%	1,030 21.3%	1,183 16.9%	1,247 17.9%	1,343 17.1%	1,519 15.0%	1,603 14.0%	1,678 14.2%
In-market programs								
Membership, communications, and information	73 1.6%	85 1.8%	---	---	---	---	---	---
Producer information program	---	---	108 1.5%	102 1.5%	114 1.5%	86 0.8%	---	---
Consumer and industry relations	230 5.1%	291 6.0%	361 5.2%	386 5.5%	305 3.9%	243 2.4%	---	---
Industry relations	---	---	---	---	---	---	130 1.1%	108 0.9%
Foodservice program	---	---	31 0.4%	124 1.8%	205 2.6%	97 0.9%	---	---
Consumer promotions	---	---	---	---	---	---	491 4.3%	313 2.7%
Food publicity program	---	---	---	---	45 0.6%	34 0.3%	25 0.2%	31 0.3%
County promotion	---	---	---	---	---	109 1.1%	204 1.8%	153 1.3%
Communications	---	---	---	---	---	98 1.0%	80 0.7%	85 0.7%
Administration	159 3.5%	137 2.9%	158 2.2%	215 3.1%	230 2.9%	256 2.5%	305 2.6%	293 2.5%
Compensation ^b	---	---	---	---	---	264 2.6%	297 2.6%	345 2.9%
Total expenditures	4,563 100%	4,832 100%	7,023 100%	6,961 100%	7,837 100%	10,160 100%	11,480 100%	11,766 100%

SOURCES: American Dairy Association and Dairy Council of New York, Inc., "Statement of Cash Receipts and Disbursements," 1979, 1980, 1981, 1982; American Dairy Association and Dairy Council, Inc., "Statement of Income and Changes in Association Equity," 1983, 1984, 1985; American Dairy Association and Dairy Council, Inc., "American Dairy Association Statement of Income and Expense," June 30, 1986.

^aBudget figures.

^bSince 1984, compensation has been listed as a separate expense.

TABLE 6.3 AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC. STATEMENT OF INCOME AND EXPENSES
AND CHANGES IN ASSOCIATION EQUITY FOR THE YEAR ENDED DECEMBER 31, 1985

INCOME

By promotion area:		
New York	\$ 8,012,451	71.8%
Pennsylvania	2,367,869	21.2
Rochester	295,920	2.7
New Jersey	292,502	2.6
Buffalo - Niagara	96,552	0.9
Promotional material	89,475	0.8
Total income	<u>\$11,154,769</u>	<u>100.0%</u>

EXPENSES

Program expenses:

United Dairy Industry Association for national programs		
Federal Order #2 area	\$ 524,476	4.6%
Federal Order #2 - Pennsylvania	115,366	1.0
Rochester area	22,789	0.2
New Jersey area	14,637	0.1
	<u>\$ 677,268</u>	<u>5.9%</u>

Market advertising & sales promotion
programs

Federal Order #2 area	\$ 7,241,362	63.1
Rochester area	256,131	2.2
New Jersey area	170,165	1.5
	<u>\$ 7,667,658</u>	<u>66.8%</u>

Market nutrition-education programs

(to Dairy Council units)		
Metropolitan New York	\$ 750,000	6.5
Dairy, Food and Nutrition, Inc.	769,000	6.8
New Jersey Dairy Council	51,000	0.4
Expanded program	32,820	0.3
	<u>\$ 1,602,820</u>	<u>14.0%</u>

In-market programs

Industry relations	\$ 130,173	1.1
Consumer promotions	491,114	4.3
Food publicity	25,570	0.2
County promotion/dairy princess	203,757	1.8
Communications	79,605	0.7
Total program expenses	<u>\$ 930,219</u>	<u>8.1%</u>

Administrative expense

Professional & support compensation

Total expenses

Excess of (expenses) over income
before interest

\$ 305,374	2.6
<u>296,633</u>	<u>2.6</u>
<u>\$ 11,479,972</u>	<u>100.0%</u>

(325,203)

Interest income

Excess of (expenses) over income

Association equity, January 1

Association equity, December 31

65,255
(259,948)
<u>933,823</u>
<u>\$ 673,875</u>

SOURCE: American Dairy Association and Dairy Council, Inc., Syracuse, N.Y.

Although the composition of ADADC's in-market (or promotion) programs has varied since 1979, their share of total expenditures has remained fairly consistent. Expenditures for these programs have varied from a low of 6.7 percent of ADADC's total expenditures in 1979 to a high of 8.8 percent in 1982, with 8.1 percent spent in 1985. Administration expenses have also been fairly stable, representing 2.6 percent of ADADC's budget in 1985. A more detailed breakdown of ADADC's income and expenditures in 1985 than that provided in Tables 6.1 and 6.2 is given in Table 6.3.

Activities of the ADADC

ADADC has six major program areas: media advertising, consumer promotion, communications/food publicity, industry relations, county promotion, and nutrition education (carried out by Dairy Council, Inc.). The 1986 activities of the first five program areas are discussed below. The nutrition-education activities of Dairy Council, Inc. are covered later in this chapter.

Media Advertising.¹¹ Since most of the milk produced by ADADC dairy producers is used for fluid products, fluid milk was given top priority in the 1986 allocation of ADADC local media advertising funds. Of the over \$5.0 million budgeted for local media advertising, \$4.5 million, or 90 percent, was spent on fluid milk advertisements. The remainder (\$500,932) was spent on "REAL" Seal ads (Table 6.4).

The 1986 fluid milk campaign concentrated on three target audiences: teens 12 to 17 years old, persons 18 to 34 years old, and Hispanic persons 18 to 34 years old. The primary target audience was persons 18 to 34 years old. This age group, which represents 50 percent of the total U.S. milk-drinking population, was allocated 78 percent (over \$3.9 million) of ADADC's local market advertising funds. For the first time, ADADC aired ads designed specifically for New York City's young Hispanic population. This Spanish-speaking audience received 6 percent (\$302,460) of ADADC's local market advertising budget. Teens were allocated 6 percent (\$283,906) of the budget.

The ADADC chose to spend slightly over half (52 percent) of its fluid milk budget on television ads. Out-of-home advertisements (bus and subway posters and cards) accounted for 20 percent of the fluid milk budget, followed by spot radio at 11 percent and Hispanic media (television and radio) at 6 percent.

The theme used in ADADC's local market fluid milk ads was "Milk. America's Health Kick." This theme was also used in the NDPRB's network fluid milk advertising, thus presenting a unified message to consumers. A special "Health Kick" commercial starring Darryl Strawberry of the New York Mets was produced and aired by the ADADC in the New York City market.

¹¹Chapter 7 provides an in-depth look at ADADC's advertising programs since 1979.

TABLE 6.4 ALLOCATION OF ADADC LOCAL MARKET ADVERTISING EXPENDITURES BY MEDIUM, PRODUCT, AND TARGET AUDIENCE, 1986^{a, b}

	Television	Radio	Out-of-Home ^c	Hispanic Media	All Media
Fluid Milk					
Teens 12-17	--- 0%	\$283,906 6%	--- 0%	--- 0%	\$ 283,906 6%
Persons 18-34	\$2,630,287 52%	\$291,496 6%	\$1,004,299 20%	--- 0%	\$3,926,082 78%
Hispanic persons 18-34	--- 0%	--- 0%	--- 0%	\$302,460 6%	\$ 302,460 6%
Total fluid milk	\$2,630,287 52%	\$575,402 12%	\$1,004,299 20%	\$302,460 6%	\$4,512,448 90%
"REAL" Seal					
Adults 25-54	\$ 500,932 10%	--- 0%	--- 0%	--- 0%	\$ 500,932 10%
Total	\$3,131,219 62%	\$575,402 12%	\$1,004,299 20%	\$302,460 6%	\$5,013,380 100%

SOURCE: D'Arcy-MacManus & Masius Agency, American Dairy Association and Dairy Council, Inc. 1986
Preliminary Media Plan, Chicago, October 1985.

^aPreliminary figures.

^bTotals include production costs.

^cBus and subway posters and cards.

TABLE 6.5 AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC.
ADVERTISING EXPENDITURES, 1986^a

Activity	Expenditure	
	Dollars	Percent
Local Markets^b		
New York City	\$3,832,618	76%
Wilkes-Barre/Scranton	487,463	10
Albany/Schenectady/Troy	240,946	5
Syracuse	179,541	4
Binghamton	73,067	1
Watertown/Carthage	63,432	1
Utica/Rome	58,132	1
Elmira	47,078	1
Burlington/Plattsburgh	31,103	1
Subtotals	\$5,013,380	100%
Other Advertising Activities		
1986 DPFA pools	\$1,382,959	
Foodservice and retail trade advertising	200,000	
June promotion	200,000	
In-store broadcast	175,000	
Ski-View	175,000	
New Jersey F.O. 2 media	170,000	
New York State cheese	150,000	
Holiday promotion	40,000	
Subtotals	\$2,492,959	
Total funds	\$7,506,339	

SOURCE: D'Arcy-MacManus & Masius Agency, American Dairy Association and Dairy Council, Inc. 1986 Preliminary Media Plan, Chicago, October 1985.

^aPreliminary figures.

^bIncludes production costs.

The "REAL" Seal campaign was continued in 1986. The entire budget (\$500,932) was spent on television ads geared to 25 to 54 year olds.

The ADADC placed its local market advertisements in nine markets: New York City, Albany/Schenectady/Troy, Syracuse, Burlington/Plattsburgh, Binghamton, Utica/Rome, Elmira, Watertown/Carthage, and Wilkes-Barre/Scranton. Since most of the milk produced by ADADC members is sold in the New York City area, ADADC chose to spend 76 percent of its 1986 local market advertising budget in that market (Table 6.5).

Local market advertising accounted for 67 percent of ADADC's total projected \$7.5 million advertising budget in 1986. Of the remaining \$2.5 million, \$1.4 million was ADADC's 1986 contribution to the Dairy Promotion Federation Association's 1985-86 advertising pools. Through its participation in the DPFA pools, the ADADC sponsored generic advertisements for fluid milk, cheese, and butter. Other ADADC promotions included foodservice advertising, June Dairy Month, and in-store super-market broadcasting.

Consumer Promotion. The consumer promotion department is responsible for running dairy promotion programs in supermarkets, convenience stores, restaurants, and other foodservice operations. Programs are carried out by dairy marketing specialists, each of whom is responsible for a specific geographical area.

In 1986, the dairy marketing specialists worked with personnel at 2,300 supermarkets and 1,700 convenience stores, or 88 percent of the supermarkets and 56 percent of the convenience stores in the ADADC area. The specialists made personal calls and ran incentive contests to encourage these retail operations to participate in four major sales promotions: a spring and a fall cheese promotion, June Dairy Month, and a holiday promotion. Twelve dairy case seminars, which teach supermarket dairy managers how to improve the operation of their dairy cases, were scheduled during the year. The consumer promotion department also supported tie-in promotions with cooperating consumer-product manufacturers and implemented ADADC's "REAL" Seal program.

ADADC's foodservice program in 1986 featured new trade advertisements that gave managers ideas for using dairy products in their restaurants. A training tape for foodservice sales distributors and the continuation of ADA's Real Pizza Maker program were also geared to ADADC's foodservice clientele.

Communications/Food Publicity. The 1986 communications program focused on three target audiences: consumers (primary audience); ADADC members, farm organizations, and trade associations (secondary audience); and the media and businesses (influencers). This department is responsible for obtaining media coverage for ADADC and its special events. News releases are distributed weekly, ADADC Newslite (the organization's newsletter) is sent to members quarterly, and a radio program for Ag Radio Network is produced weekly.

The food publicity department distributes dairy food recipes and product information primarily to consumers and food editors. In 1986, the food publicity director continued to make regular live television and radio appearances. The department also mailed four press kits to food editors that corresponded with ADADC's four supermarket promotions. Other examples of food publicity work during the year included recipe leaflets, the food editor newsletter, and participation in food-related events in the ADADC area.

Industry Relations. This department concentrates on making consumer and industry contacts primarily through the use of exhibits and displays. In 1986, displays were set up throughout the ADADC area at 14 malls, 26 dairy-related state conventions and annual meetings, 17 fairs, the Northeast Dairy Conference, and 14 Dairy Days events throughout the ADADC area.

Member relations is another important industry relations function. The division plans the fall district meetings and the ADADC annual meeting. It meets with area processors at least three times a year, and it prepares the positive letter that is distributed to Pennsylvania dairy farmers shipping to the F.O. 2 market area.

County Promotion. The county promotion program is responsible for coordinating the New York State dairy princess program and helping counties run local promotions. The county promotion department also is in charge of ADADC's incentive award program for counties. Each county receives \$500 if it completes the following requirements: 12 radio tapes, 12 newspaper articles, 15 supermarket promotions, 20 school programs, 3 speeches to civic groups, 3 county farm meetings, and 3 parades.

DAIRY COUNCIL, INC.

Effective March 31, 1986 the two Dairy Councils operating in the F.O. 2 milkshed--Dairy Council of Metropolitan New York (DCMNY) and Dairy, Food and Nutrition Council (DFNC)--merged, forming Dairy Council, Inc. (DCI). The primary reason for the merger was to combine DCMNY's and DFNC's administrative and financial services, hence reducing their accounting and personnel costs and National Dairy Council affiliation fees. DCMNY and DFNC operated under their former names as divisions of DCI to maintain their professional identities in their respective markets in 1986. Starting January 1987, the two former organizations were to be referred to only as Dairy Council, Inc.

Internal Structure

DCI is a Type B not-for-profit corporation as defined in Subparagraph (a) (5) of Section 102 and Section 201 of the New York Not-For-Profit Corporation Law. DCI's purposes, as stated in its bylaws, are to contribute to the achievement of optimal health, to train more leaders in nutrition-education methods, to serve as a nutrition resource, to educate the public on the essentials of a nutritionally

adequate diet, and to act as a clearinghouse for exchange of information.¹²

The sole member of DCI is the American Dairy Association and Dairy Council, Inc. (Figure 6.1). A board of directors (whose members are the same as ADADC's executive committee) oversees the affairs of DCI. The officers of DCI are elected by and from the members of the board.¹³

DCI offers affiliate memberships to regional dairy organizations that have purposes similar to DCI's or are affiliated with the National Dairy Council. Affiliate members are entitled to participate without vote in all DCI meetings. The Dairy Council of Rochester, Inc. (operating in State Order 129) and the Dairy Council of the Niagara Frontier Area, Inc. (State Order 127) signed affiliation agreements with DCI in 1986 (primarily as a means of reducing their NDC dues).

The following two sections describe the coverage areas, income and expenditures, and activities of DCI's two former divisions, Dairy Council of Metropolitan New York and Dairy, Food and Nutrition Council. The two Dairy Councils operating in the state orders are described later in this chapter.

DAIRY COUNCIL OF METROPOLITAN NEW YORK

In 1952 the Greater New York Producer Dairy Council Committee, Inc. was formed as a branch office of the National Dairy Council (NDC) to serve the metropolitan New York City area and northern New Jersey. This branch office arrangement continued until January 1969, when the Dairy Council of Metropolitan New York, Inc. (DCMNY) was organized as an affiliated, yet independent unit of the NDC. In March 1986, DCMNY became a division of Dairy Council, Inc.

The DCMNY coverage area (Figure 6.2) differed from its predecessor's area in that it included only the metropolitan New York City area and surrounding counties. Northern New Jersey was from 1972 to 1986 served by the Dairy, Food and Nutrition Council (and starting in 1987 by DCI). In 1984 DCMNY's area included a population of approximately 10.7 million persons (Table 6.6).

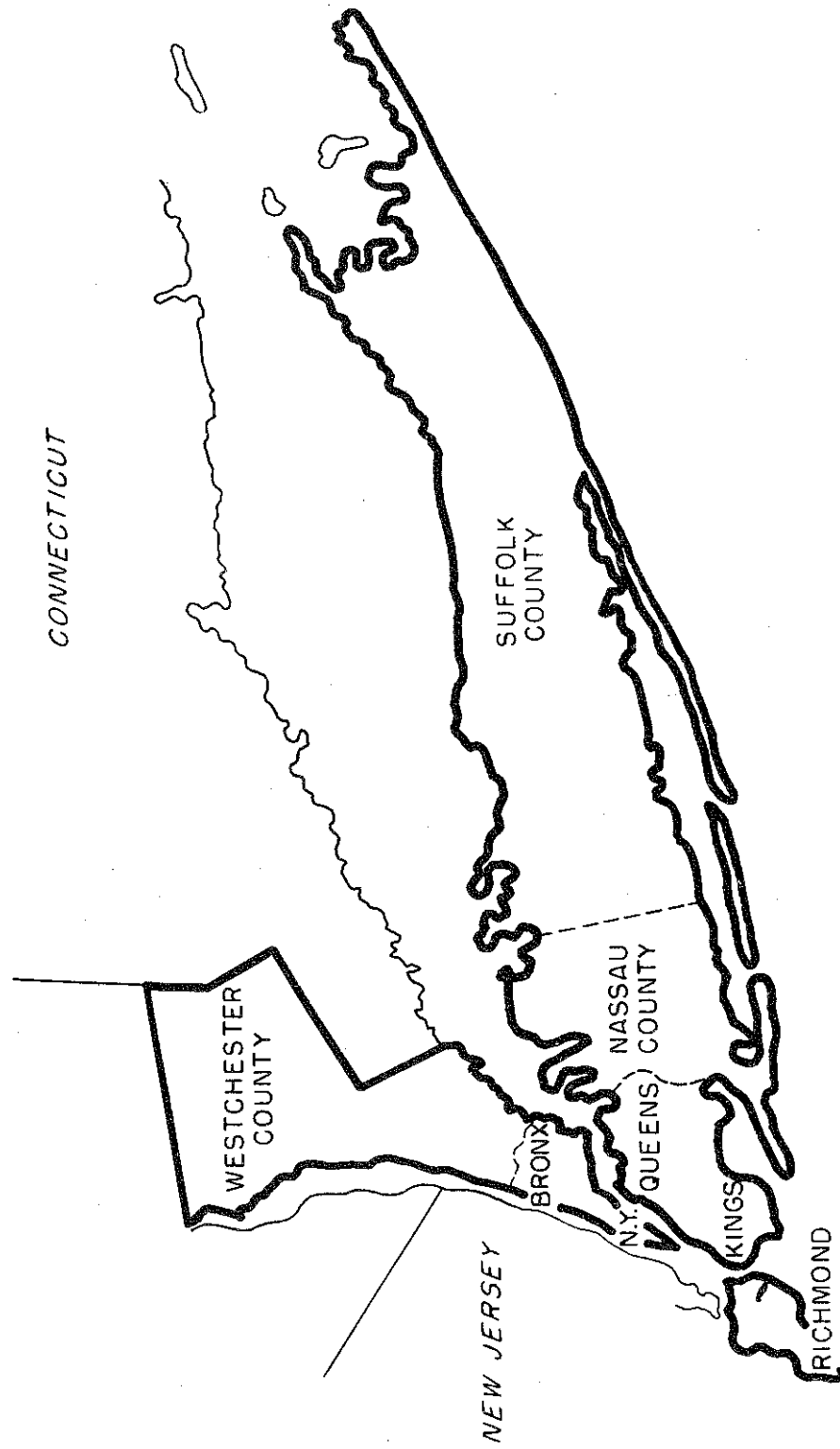
DCMNY's office was located in New York City. In 1986 DCMNY employed an executive director who was responsible for the overall supervision of DCMNY's activities.¹⁴ Reporting to the executive director were six staff nutritionists who carried out DCMNY's health

¹²By-Laws of Dairy Council, Inc., February 4, 1986.

¹³See Appendix 19 for a list of DCI's 1986 officers.

¹⁴Starting January 1987, DCMNY's executive director became one of three regional directors of DCI. The director's responsibilities and staff remained the same.

FIGURE 6.2 DAIRY COUNCIL OF METROPOLITAN NEW YORK COVERAGE
AREA



SOURCE: Dairy Council of Metropolitan New York.

TABLE 6.6 DAIRY COUNCIL OF METROPOLITAN NEW YORK POPULATION AND
COVERAGE AREA

County	1984 Population
Bronx	1,173,000
Kings	2,253,900
Nassau	1,338,200
New York	1,456,100
Queens	1,911,200
Richmond	370,600
Suffolk	1,315,200
Westchester	<u>866,900</u>
Total population	10,685,100

SOURCE: U.S. Government Census Bureau, 26 Federal Plaza, New York, NY.

professional, educational, and consumer programs. Additional part-time nutrition-education consultants were used as needed.¹⁵

Income and Expenditures of DCMNY

DCMNY received almost all of its funds from ADADC. ADADC receives its funds for nutrition education through a contract maintained by the commissioner of Agriculture and Markets with ADADC and the National Dairy Council. The amount of funds allocated to DCMNY was based on recommendations made by the New York Milk Promotion Advisory Board to the commissioner. DCMNY's 1985 total income was \$815,173, a 49-percent increase over 1979's total income (Table 6.7).

DCMNY made several changes in its expenditure pattern since 1979 (Table 6.8). First, the dollars allocated to program activities increased from \$394,000 in 1979 to \$623,000 in 1985. Despite this 58-percent increase, the proportion of DCMNY funds allocated to program activities declined slightly since 1981. Second, within the program activities and direction category several more notable changes occurred. Foremost was the decrease in the proportion of funds going to the educational program from 46.3 percent in 1979 to 34.2 percent in 1985. Counteracting this decrease was an increase in the proportions of DCMNY's expenditures going to the professional and consumer program areas.¹⁶

Activities of DCMNY

DCMNY divided its activities into three major program areas: educational, professional, and consumer.¹⁷ Although the educational program was still a major priority of DCMNY, a greater emphasis was being placed on the professional and consumer programs.¹⁸ The comparison in Table 6.9 between the number of meetings and conferences held in 1978 and 1985 in each of the program areas reflects this change (as does DCMNY's budgets). DCMNY concentrated most of its program activities in the New York City metropolitan area (Table 6.10). In 1985, 76 percent of DCMNY's conferences were held in this area as compared to 10 percent in Suffolk County, 8 percent in Nassau County, and 6 percent in Westchester County.

Educational Programming. DCMNY's 1986 educational activities focused on promoting the use of Dairy Council programs by educational leaders, preschool through university (including adult continuing

¹⁵See Appendix 20 for a list of DCMNY's 1986 staff members.

¹⁶A similar shift in expenditures was also made by DCI's other division, DFNC. See the next section.

¹⁷In 1986, DCMNY discontinued the dairy industry program area.

¹⁸Information on the three program areas is from, "DCMNY 1986 Proposed Plans and Projects."

TABLE 6.7 DAIRY COUNCIL OF METROPOLITAN NEW YORK INCOME, 1979-1985

	1979	1980	1981	1982	1983	1984	1985
	<u>Dollars</u>						
Membership income							
New York State Dairy Promotion Order	450,808 82%	450,815 80%	485,160 84%	481,288 88%	511,051 77%	592,500 81%	750,000 ^a 92%
Other membership income ^a	74,192 13%	74,185 13%	44,840 8%	40,000 7%	140,789 21%	112,500 15%	-----
Interest and dividends	20,221 4%	37,746 6%	43,973 7%	18,262 3%	6,172 1%	14,299 2%	5,672 1%
ADADC calcium marketing plan	---	---	---	---	---	7,010 1%	59,501 7%
Other	1,072 1%	1,605 1%	999 1%	7,883 2%	1,741 1%	568 1%	0 0%
Total income	546,293 100%	564,351 100%	574,972 100%	547,433 100%	659,753 100%	726,877 100%	815,173 100%

SOURCES: Dairy Council of Metropolitan New York, "Statements of Income and Retained Earnings," 1979 to 1985.

^aOther membership income is from voluntary members in Pennsylvania who pay a percentage of their milk sales to the ADADC, which in turn forwards a budgeted amount to DCMNY. The 1985 membership income figure includes receipts from both New York State and Pennsylvania producers.

TABLE 6.8 DAIRY COUNCIL OF METROPOLITAN NEW YORK ANNUAL EXPENDITURES, 1979-1986

	1979	1980	1981	1982	1983	1984	1985	1986 ^a
<u>Thousands of Dollars</u>								
Program activities and direction								
Professional program	32.6 6.3%	43.5 8.4%	95.4 13.9%	97.0 13.9%	96.1 15.2%	127.4 17.3%	119.8 14.9%	121.4 16.0%
Educational program	239.4 46.3%	256.8 49.8%	325.4 47.6%	293.3 42.0%	226.7 35.7%	244.5 33.3%	273.2 34.2%	258.2 34.0%
Consumer program	52.3 10.1%	57.9 11.2%	73.0 10.7%	98.0 14.0%	107.8 17.0%	105.0 14.3%	141.5 17.7%	124.7 16.4%
Dairy industry	18.7 3.6%	17.1 3.3%	24.5 3.6%	33.1 4.7%	26.4 4.1%	29.7 4.1%	22.5 2.8%	--- ---
NDC affiliation fee	23.2 4.5%	23.2 4.6%	23.3 3.4%	23.2 3.3%	24.1 3.8%	36.8 5.0%	37.5 4.7%	37.5 4.9%
NDC meetings	2.6 0.5%	3.5 0.6%	7.2 1.0%	3.0 0.4%	3.3 0.1%	10.3 1.4%	8.2 1.0%	--- ---
Administration/ program personnel	12.2 2.4%	12.3 2.4%	15.1 2.2%	18.6 2.7%	17.0 2.7%	19.5 2.7%	16.5 2.1%	--- ---
Communications	1.1 0.2%	0.5 0.1%	0.5 0.1%	1.1 0.2%	1.0 0.2%	1.0 0.1%	1.4 0.2%	--- ---
Automobile expenses	12.1 <u>2.3%</u>	6.1 <u>1.2%</u>	6.0 <u>0.9%</u>	6.8 <u>1.0%</u>	5.4 <u>0.8%</u>	4.5 <u>0.6%</u>	2.3 <u>0.3%</u>	--- ---
Total program activities and direction	394.2 76.2%	420.9 81.2%	570.4 83.4%	574.1 82.2%	507.8 79.7%	578.7 78.8%	622.9 77.9%	541.8 71.3%
General and administrative expense	122.8 <u>23.7%</u>	94.9 <u>18.4%</u>	113.5 <u>16.6%</u>	123.9 <u>17.8%</u>	129.2 <u>20.4%</u>	156.0 <u>21.2%</u>	176.7 <u>22.1%</u>	218.2 <u>28.7%</u>
Total expenditures ^b	517.1 100%	516.0 100%	684.0 100%	698.0 100%	637.0 100%	734.8 100%	799.7 100%	760.0 100%

SOURCES: Dairy Council of Metropolitan New York, Statement of Operations and Disbursements, 1980 to 1985; Dairy Council of Metropolitan New York, "1985 Actual Budget vs. 1986 Proposed Budget."

^aDCMNY proposed 1986 budget.

^bColumns may not add due to rounding of figures.

TABLE 6.9 DCMNY PROGRAM CONFERENCES AND MEETINGS, 1978 AND 1985

Program Area	<u>Conferences</u>		<u>Meetings</u>			
	1978	1985	1978		1985	
	<u>Number</u>		<u>No.</u>	<u>Attendance</u>	<u>No.</u>	<u>Attendance</u>
Professional	1,181	2,753	21	536	44	2,654
Educational	5,978	2,438	429	10,015	113	9,897
Consumer	878	2,008	13	421	74	10,636
Dairy industry	<u>374</u>	<u>190</u>	<u>14</u>	<u>426</u>	<u>3</u>	<u>78</u>
Total	8,411	7,389	477	11,398	234	23,265

SOURCES: Dairy Council of Metropolitan New York, Program Contact Report, January-December 1978 and January-December 1985.

TABLE 6.10 GEOGRAPHICAL DISTRIBUTION OF THE CONFERENCES, MEETINGS, AND WORKSHOPS HELD BY DCWNY, 1985

	New York City	Nassau	Suffolk	Westchester	Total
Conferences (number held)	5,640	612	722	415	7,389
Meetings (number/attendance)	59/14,743	9/1,902	9/1,544	3/1,160	80/19,349
FOOD...Your Choice workshops (number/attendance)	42/1,048	8/148	12/414	0/22 ^a	62/1,632
Nutrition-education workshops (number/attendance)	73/1,791	3/1,491	2/280	4/64	92/2,284

SOURCE: Dairy Council of Metropolitan New York, Inc., Program Contact Report, December 1985.

^a These figures indicate that although no FOOD...Your Choice workshops were held in Westchester County, 22 Westchester contacts attended programs in other areas.

education). FOOD...Your Choice (FYC), the National Dairy Council's nutrition curriculum, was offered free of charge to all teachers using New York City's official health curriculum, "Growing Healthy in New York City." By the end of 1986, DCMNY estimated that it would have trained 365 new teachers how to use FYC in their classrooms. DCMNY was selected by NDC as a test site for the new Spanish-language version of FOOD...Early Choices (a component of the FYC curriculum). To measure the effectiveness of its programs in the schools, DCMNY also implemented three assessment tools: "Fixing My Food" and "Buying My Food" in elementary schools, and the "Nutrition Achievement Test" in junior and senior high schools.

DCMNY offered workshops to the staff of New York City's school foodservice program, one of the largest users of dairy products in DCMNY's area. DCMNY also held workshops for special-education teachers, continuing-education instructors, and teachers involved in New York City's Adolescent Health Program. DCMNY was a planning-committee member of the Citywide Advisory Council on School Health, and it participated in the council's annual conference in November. NDC's Nutrition News was distributed to all educators in DCMNY's area.

Professional Programming. DCMNY devoted a larger share of its resources to build its leadership role in the medical, dental, and allied health professions. Activities in this program area focused on health promotion, disease prevention, and fitness. Special emphasis during 1986 was given to a person's calcium and riboflavin needs throughout his or her life cycle. To help develop program priorities in this area, DCMNY organized a scientific advisory committee of prestigious nutrition researchers, physicians, and dentists.

DCMNY offered a variety of activities in this program area in 1986. It arranged for NDC visiting professors to speak at area medical and dental schools as well as at two conferences it held for dietitians and health professionals. During Nutrition Month, an annual event sponsored by the American Dietetic Association, DCMNY presented workshops and provided exhibits at hospital, health-agency, and university-sponsored public events. For the twenty-fifth year, DCMNY also participated in the Greater New York Dental Meeting.

DCMNY developed a distinguished speakers video series that features nutrition researchers talking about current topics in nutrition. DCMNY placed this series, as well as NDC's calcium teleconference videotapes, in university, and medical and dental school libraries in its area. Printed materials, including Dairy Council Digest and Nutrition News, were distributed to 11,000 physicians and 12,000 health professionals.

Consumer Programming. DCMNY activities in this program area were designed for adult and youth community leaders and the mass media, who are in a position to help consumers make sound food choices. In 1986, DCMNY offered library seminars in nutrition education. These training seminars showed librarians how to select quality food-related story-books. DCMNY also provided Dairy Council videotapes and computer programs to public libraries. Senior citizens participating in the Meals-On-Wheels program received Nutrition at Home, a newsletter

developed by DCMNY. DCMNY compiled a resource directory of hospital dietitians and college students interested in speaking on nutrition topics at senior-citizen centers. DCMNY provided nutrition training and updates to these speakers. Since 1983 DCMNY cosponsored annual conferences for senior center directors with New York City and county offices for the aging.

DCMNY furnished the local mass media with press releases and special programs. It published nutrition-related materials for non-English-speaking persons. Posters, exhibits, and handouts were distributed for use at health fairs and other public nutrition-related events. DCMNY annually disseminated on average one million pieces of nutrition-education materials to its leader groups in all three program areas.

DAIRY, FOOD AND NUTRITION COUNCIL

Dairy, Food and Nutrition Council (DFNC), a division in 1986 of the newly formed Dairy Council, Inc., was founded in 1973 when the four Dairy Council units in upstate New York and the Dairy Council in northern New Jersey consolidated.¹⁹ In the early 1980s, DFNC expanded into Pennsylvania. On March 2, 1981, DFNC started serving seven counties in the northeastern corner of Pennsylvania that had been covered by the Scranton/Wilkes-Barre Dairy Council unit (which ceased operations in 1974).²⁰ When the national Dairy Promotion and Research Order went into effect in 1984, the three Dairy Council units working in Pennsylvania--DFNC, Dairy Council, Inc. (based in Philadelphia), and the Dairy and Food Nutrition Council--Mideast (affiliated with Mid East UDIA)--divided the state into three areas. As a result, DFNC added another eight counties in northeastern Pennsylvania.²¹ The DFNC coverage area changed one more time in 1985 as a result of hearings to determine whether several counties in Pennsylvania were to be included in the F.O. 2 or the F.O. 4 market area. DFNC added those counties assigned to the F.O. 2 area and lost those going to the F.O. 4 area,

¹⁹The units that consolidated were the Dairy Council of Northern New Jersey, Inc., Dairy Council of Northeastern New York, Inc., Dairy Council of the Southern Tier of New York, Inc., Dairy Council of the Mid-Hudson, Inc., and Dairy Council of Central New York.

²⁰The seven counties in Pennsylvania added to DFNC's coverage area in 1981 were Susquehanna, Wayne, Pike, Monroe, Luzerne, Wyoming, and Lackawanna Counties.

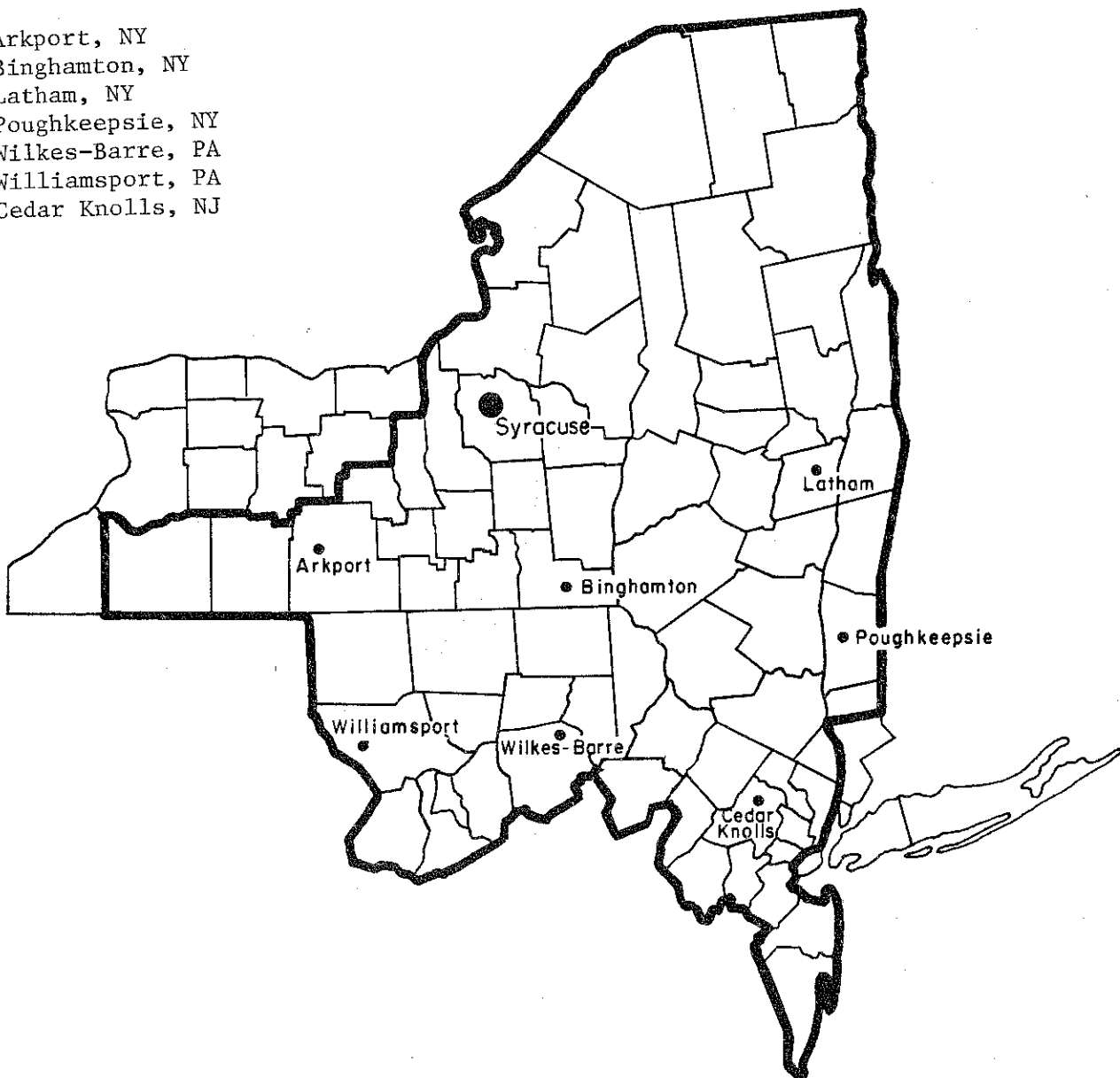
²¹The eight counties in Pennsylvania added to DFNC's coverage area in 1984 were Tioga, Bradford, Sullivan, Columbia, Montour, Carbon, Lehigh, and Northampton Counties.

FIGURE 6.3 DAIRY, FOOD AND NUTRITION COUNCIL
COVERAGE AREA

Headquarters Office: Syracuse, NY

Area Offices:

Arkport, NY
Binghamton, NY
Latham, NY
Poughkeepsie, NY
Wilkes-Barre, PA
Williamsport, PA
Cedar Knolls, NJ



hence increasing its area to 16 counties in northeastern Pennsylvania (Figure 6.3).²²

DFNC's coverage area in New York also underwent several minor changes in the early 1980s. In 1981-82, when the Dairy Councils in the state expanded into five previously uncovered upstate counties, DFNC turned Livingston, Ontario, and Wayne Counties over to the Dairy Council of Rochester. At the same time DFNC turned Genesee and Wyoming Counties over to the Dairy Council of the Niagara Frontier Area.

Figure 6.3 shows DFNC's 1986 coverage area. In 1986, DFNC operated from its headquarters office in Syracuse, New York, and from seven area offices: four in New York (Arkport, Binghamton, Latham, Poughkeepsie), two in Pennsylvania (Wilkes-Barre, Williamsport), and one in New Jersey (Cedar Knolls).²³ DFNC employed an executive director, 14 professionals, 7 secretaries, and 2 consultants.²⁴ Starting in 1987, the DFNC area will be supervised by two regional directors of DCI. The office locations and staff will remain about the same.

Income and Expenditures of DFNC

DFNC received almost all of its funds from ADADC. ADADC in turn receives funds for nutrition education from the following sources:

1. New York State Dairy Promotion Order through an ongoing contract maintained by the Commissioner of Agriculture and Markets with ADADC and the National Dairy Council;
2. Pennsylvania producers in the ADADC area via the positive letter;
3. New Jersey Dairy Industry Advisory Council; and
4. Pennsylvania Department of Agriculture.

Funds from these four sources are listed in DFNC's annual income (Table 6.11) as producers (1, see above) and extended programs (2, 3, and 4, see above). These funds in 1985 (\$832,500) were 74 percent greater than in 1979 (\$479,000), reflecting primarily changes that occurred in the assessment rates in DFNC's three-state area. Total DFNC income increased even more, from \$488,338 in 1979 to \$970,145 in 1985 (a 99-percent increase). The proportion of funds obtained from each of the sources, however, remained fairly constant.

²²The four counties in Pennsylvania added to DFNC's coverage area in 1985 were Lycoming, Union, Snyder, and Northumberland Counties.

²³For addresses and coverage areas for each of DFNC's eight offices, see Appendix 21.

²⁴For a list of DFNC's 1986 professional staff, see Appendix 22.

TABLE 6.11 DAIRY, FOOD and NUTRITION COUNCIL INCOME, 1979-1986

	1979	1980	1981	1982	1983	1984	1985	1986 ^a
Producers	\$479,000 98%	\$479,000 93%	\$588,600 91%	\$631,289 87%	\$634,880 88%	\$689,000 88%	\$760,000 78%	\$832,500 88%
Extended programs ^b	---	26,000 5%	49,750 8%	68,500 10%	69,500 9%	68,500 9%	72,500 7%	---
Processors/handlers	9,338 2%	7,670 2%	4,327 1%	9,268 1%	5,746 1%	5,948 1%	4,428 1%	3,000 ---
Interest	---	---	---	17,445 2%	12,639 2%	15,142 2%	14,159 1%	5,000 1%
Calcium program	---	---	---	---	---	---	63,117 7%	---
Other income ^c	---	---	---	---	---	---	55,941 6%	101,000 11%
Total income	\$488,338 100%	\$512,670 100%	\$642,677 100%	\$726,502 100%	\$722,765 100%	\$778,590 100%	\$970,145 100%	\$941,500 100%

SOURCES: Dairy, Food and Nutrition Council, "Comparison of Income and Expenditures to Budgeted Items," 1979 through 1983; "Statement of Income and Expenditures and Change in Equity," 1984 and 1985; "Budget Comparison 1985 and Projected 1986."

^aDFNC proposed 1986 budget.

^bThe extended programs income category refers to funds received from Pennsylvania and New Jersey dairy producers. In 1986, these funds were included in the producers category.

^cOther income covers sales from materials, consultation fees, registration fees, and contingency funds. Sales from materials are also included in the program groups as expenditures (Table 6.12).

TABLE 6.12 DAIRY, FOOD AND NUTRITION COUNCIL EXPENDITURES, 1979-1986

	1979	1980	1981	1982	1983	1984	1985	1986 ^a
Program activities and direction								
Professional group	\$ 46,642 10%	\$ 57,693 10%	\$ 75,090 11%	\$ 72,714 11%	\$ 95,985 14%	\$ 86,906 11%	\$ 293,557 28%	\$ 243,050 26%
Educational group	240,353 49%	287,120 52%	355,377 54%	361,303 54%	370,756 54%	389,825 51%	361,854 37%	337,875 36%
Consumer group	20,764 4%	23,390 4%	34,606 5%	53,069 7%	45,746 7%	44,458 6%	182,860 19%	234,950 25%
Dairy industry	8,842 2%	10,618 2%	6,483 1%	8,483 1%	7,723 1%	8,067 1%	---	---
Program administration	14,421 3%	7,822 2%	19,391 3%	20,740 3%	10,926 1%	27,232 4%	---	---
Automobile expenses	17,037 3%	23,455 4%	25,474 4%	24,949 4%	21,860 3%	22,220 3%	---	---
Communications	3,230 1%	4,087 1%	7,654 1%	5,153 1%	4,931 1%	10,296 1%	---	---
NDC annual meeting and conference	3,178 1%	4,216 1%	978 ---	1,678 ---	1,886 ---	839 ---	---	---
NDC affiliation services	22,894 4%	23,127 4%	24,429 4%	24,974 4%	25,102 4%	37,898 5%	38,697 4%	37,065 4%
Total, program activities & direction	\$377,361 77%	\$441,528 80%	\$549,482 83%	\$573,063 85%	\$584,915 85%	\$627,741 82%	\$876,968 89%	\$852,940 91%

TABLE 6.12 Continued

	1979	1980	1981	1982	1983	1984	1985	1986 ^a
Office operations	\$110,848 23%	\$108,019 20%	\$ 96,939 15%	\$ 89,993 13%	\$ 95,478 14%	\$114,913 15%	\$109,572 11%	\$88,560 9%
Equipment and auto replacement	---	---	12,960 2%	10,028 2%	4,963 1%	---	---	---
Other expense	---	---	---	---	---	21,690 3%	---	---
Total expenditures	\$488,209 100%	\$549,547 100%	\$659,381 100%	\$673,084 100%	\$685,356 100%	\$764,344 100%	\$986,540 100%	\$941,500 100%

SOURCES: Dairy, Food and Nutrition Council, "Comparison of Income and Expenditures to Budgeted Items," 1979-1983; Dairy, Food and Nutrition Council, "Statement of Income and Expenditures and Change in Equity," 1984 and 1985; Dairy, Food and Nutrition Council, "Budget Comparison 1985 and Projected 1986."

^aDairy, Food and Nutrition Council proposed 1986 budget.

Between 1979 and 1984, DFNC did not substantially vary its allotment of funds to its various program and support areas (Table 6.12). In 1985, however, DFNC substantially increased its allocation to the professional and consumer groups at the expense of the educational group. These shifts in allocations reflect DFNC's growing emphasis on programming for health professionals and consumers.

Activities of DFNC

DFNC divided its activities into three groups: health professional, educational, and consumer. In the early 1980s, DFNC's major emphasis was on the educational group, as it worked to bring nutrition education into the classroom by showing thousands of teachers how to use NDC's FOOD...Your Choice curriculum. Although educational programming was still the backbone of DFNC's activities, DFNC was devoting a larger share of its resources to nutrition-education programs designed for health professionals and consumers.

Despite DFNC's change in its program emphasis, its basic philosophy towards programming remained the same. DFNC relied on the "leadership approach," whereby most of its programs were presented to intermediaries (e.g., teachers, doctors, media representatives) who were then expected to pass on the information to others. Through these intermediaries, DFNC essentially increased its "staff" and reached a greater number of people.²⁵ A brief review of the types of activities DFNC offered in its 3 major program areas is provided below.²⁶

Educational group. DFNC continued to provide FOOD...Your Choice (FYC) training to teachers--preschool through high school--and to promote the use of the FYC-related computer programs. DFNC's coordinator of school programs also coordinated NDC's pilot testing of the FYC revision in a New Jersey high school.

DFNC presented workshops on osteoporosis and weight management to school nurses and health and home economics educators as well as workshops on sports nutrition to athletic trainers, coaches, and physical-education educators. Workshops held at area colleges focused on nutrition information and educational techniques. Home economics and health educators were also reached through program presentations and exhibits at their professional organizations' annual meetings. Regular contacts were maintained with key state agencies (e.g., state education departments) and educational organizations.

Health Professionals Group. DFNC directed its programming in the health professional area at doctors, dentists, nurses, dieticians, and

²⁵These observations were made by Lorraine Weng Shafer, executive director of DFNC.

²⁶Information on the three program groups is from "Dairy Food and Nutrition Council Six-Month Program Highlights, January-June 1986," and 1986 Program of Work, DFNC.

health educators, who in turn were expected to advise consumers how to make nutritious food choices. Examples of activities in this area in 1986 included DFNC's participation in NDC's Visiting Professorship in Nutrition and Grand Rounds programs. Through these programs, DFNC sponsored presentations at several area hospitals on such topics as nutrition and the elderly, osteoporosis, food quackery, vitamin A, and calcium and hypertension. DFNC also presented NDC's taped national teleconferences--Calcium Update and Calcium and Osteoporosis--at hospitals and professional association meetings.

DFNC presented NDC's Facilitating Food Choices workshops to various leader groups. It continued to maintain or establish contact with key health organizations and agencies in its coverage area as well as communicate NDC research findings via specialized mailings, exhibits, and news releases.

Consumer Group. One of the key ways DFNC addressed consumers' questions about nutrition was through the media. Due in part to the creation of a new consumer information position, DFNC was able to supply more information to area newspapers and radio and television stations and hence increase its media coverage.

In 1986, DFNC completed a pilot workshop using NDC's new Lifesteps program (designed for use in corporate wellness programs) at Mobil Oil. It also continued to implement calcium campaign activities, including the promotion of the Osteoporosis and You slide/tape program and special conferences on such topics as calcium and bone health, and coronary heart disease.

COMPANION PROGRAMS

The New York Dairy Promotion Order allows New York producers marketing their milk under one of the state orders or under an out-of-state federal order to be credited with the amount per hundredweight (currently 10 cents per cwt.) they contribute via their handlers to their local promotion program. This section of the order (I, NYCRR Part 40, Section 23) is known as the companion program provision.²⁷

There are currently four recognized companion programs:

1. Milk for Health on the Niagara Frontier, Inc., in State Order 127;
2. Rochester Health Foundation, Inc., in State Order 129;
3. Milk Promotion Services, Inc., in Federal Order 1; and
4. Mid East UDIA in Federal Order 36.

²⁷See Appendix 2 for the exact wording of the companion program section.

TABLE 6.13 CONTRIBUTIONS TO COMPANION PROGRAMS BY NEW YORK STATE DAIRY PRODUCERS, 1978-79 TO 1985-86^{a,b}

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
	<u>Dollars</u>							
Milk for Health on the Niagara Frontier, Inc. (State Order 127)	571,602 35%	581,420 32%	618,892 32%	732,196 34%	792,517 30%	823,843 31%	829,263 32%	889,652 34%
Rochester Health Foundation, Inc. (State Order 129)	246,326 15%	265,109 15%	289,729 15%	349,806 16%	392,199 15%	434,909 16%	421,521 17%	450,211 17%
Milk Promotion Services, Inc. (Federal Order 1)	751,063 46%	900,769 50%	934,335 49%	961,493 45%	1,335,030 51%	1,346,996 50%	1,230,883 48%	1,229,776 46%
Mid East UDIA (Federal Order 36)	62,260 4%	60,113 3%	70,784 4%	97,044 5%	103,280 4%	88,795 3%	84,896 3%	90,468 3%
Total	1,631,251 100%	1,807,411 100%	1,913,740 100%	2,140,539 100%	2,623,026 100%	2,694,543 100%	2,566,563 100%	2,660,107 100%

SOURCES: New York State Department of Agriculture and Markets, Dairy Promotion--A Report to New York State Dairy Farmers on Programs and Activities Under the New York Dairy Promotion Order, Marketing Years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83, 1983-84, 1984-85, and 1985-86.

^aThe marketing year for the New York Dairy Promotion Order is May 1 through April 30.

^bPayments to companion programs are made by handlers, who in turn have deducted 10 cents per cwt. from eligible dairy producers' milk checks.

Contributions made by New York producers to these four companion programs since 1978-79 are given in Table 6.13. Although the total contribution to companion programs in 1985-86 (\$2.7 million) was 63 percent greater than in 1978-79 (\$1.6 million), the proportion of the total funds going to each program remained fairly consistent. In 1985-86, Milk Promotion Services, Inc., received 46 percent of the companion program funds, Milk for Health on the Niagara Frontier 34 percent, Rochester Health Foundation 17 percent, and Mid East UDIA 3 percent. In 1985-86, contributions to companion programs amounted to 23 percent of the total funds collected from New York producers under the New York Dairy Promotion Order.

The following sections describe these four companion programs as well as the two Dairy Councils operating in State Orders 127 and 129. These two Dairy Councils (the Dairy Council of the Niagara Frontier Area and the Dairy Council of Rochester) receive almost all of their funds from the companion programs operating in the two state orders.

MILK FOR HEALTH ON THE NIAGARA FRONTIER, INC.

Milk for Health on the Niagara Frontier, Inc. (MHNF) has, since its founding in 1949, been responsible for the dairy advertising and promotion program in State Order 127. Only the marketing area of the order is covered by MHNF--all of Niagara County and parts of Erie and Orleans Counties--, although the order's production area includes all or part of seven counties in western New York.²⁸ MHNF's office is located in West Seneca, New York (a suburb of Buffalo).

Since 1979 MHNF's assessment rate was periodically increased, reaching its highest level--11 cents per cwt.--in 1982 (Table 6.14). In mid-1984, when the national Dairy Promotion and Research Order became effective, the assessment rate was set at the 10 cent per cwt. maximum. MHNF's annual income has increased 47 percent since 1979, from \$602,368 to \$886,472 in 1985. MHNF projects its 1986 income to be \$880,000.

Internal Structure of MHNF

MHNF has a 13-member board of directors, providing proportional representation of the area's four major cooperatives.²⁹ The board elects a president, vice president, secretary, and treasurer from its members. These officers and one other board member constitute a working

²⁸Erie, Niagara, Orleans, Genesee, Wyoming, Chautauqua, and Cattaraugus Counties.

²⁹Dairyalea (1), Erie County Milk Producers (1), Niagara Milk Cooperative (3), and Upstate Milk Cooperatives (8).

TABLE 6.14 ANNUAL INCOME OF MILK FOR HEALTH ON THE NIAGARA
FRONTIER, INC., 1979-1986

Year	Rate Per Cwt. (Date of Change)	Income ^a
1979	\$.08	\$602,368
1980	.08	594,835
1981	.10 (1/81)	728,798
1982	.11 (1/82)	834,285
1983	.105 (1/83)	835,469
1984	.10 (5/84)	846,527
1985	.10	886,472
1986 ^b	.10	880,000

SOURCES: Financial reports of Milk for Health on the Niagara Frontier, Inc.

^aIncludes interest income. All figures are rounded to the nearest dollar.

^bProjected income.

committee, which is MHNH's primary policy-making body. The board employs an executive secretary to manage the Buffalo office.³⁰

Relationship of MHNH to Other Dairy Promotion Organizations

The parent organization of MHNH is the Niagara Frontier Cooperative Milk Producers Bargaining Agency. There is some overlap between the boards of directors of the two organizations, and MHNH's executive secretary holds the same position with the Bargaining Agency. The Bargaining Agency has one member on the ADADC Board of Directors and one member on the New York Milk Promotion Advisory Board.

MHNH has never been a member of UDIA, although it currently pays for its share of UDIA fees through ADADC. MHNH also pays a fee to ADADC to cover the costs of promotional activities carried out by ADADC in the Niagara Frontier area. Although MHNH uses some ADA-produced advertisements, all MHNH advertising is placed directly by the Buffalo office rather than by ADADC.

From 1973 to 1984, the Ontario Milk Marketing Board provided MHNH with ready-to-use television, radio, outdoor, transit, and newspaper advertisements for a token fee because a significant number of Canadians, particularly those in the Toronto area, regularly watch Buffalo television stations. This relationship is still very strong, and both organizations share information and cooperate with promotions. In 1986, for example, MHNH distributed through the Buffalo News 55,000 recipe calendars produced by the Ontario Milk Marketing Board.

MHNH is recognized as a qualified promotion organization by the National Dairy Promotion and Research Board. It is directly associated with the New York State Department of Agriculture and Markets because of its funding through a state order under the companion program provision of the New York Dairy Promotion Order. MHNH is the primary funding source of the Dairy Council of the Niagara Frontier Area (DCNFA), and members of DCNFA's Board of Directors must be on MHNH's Board of Directors.

Activities and Expenditures of MHNH

In 1985, MHNH's total income was \$886,472, almost all of which was from cooperative assessments (Table 6.15). Almost 70 percent of MHNH's 1985 total expenditures were allotted to advertising. MHNH used only ADA-produced fluid milk ads in 1985. In 1986, it planned to promote fluid milk by using three ADA ads and two locally produced ads. MHNH allocated 15 percent of its 1985 budget to the Dairy Council of the Niagara Frontier Area. The remaining 15 percent was divided among payments to ADADC and NDC (12 percent), and administrative costs (3 percent).

³⁰For a list of the 1986 officers and staff of MHNH, see Appendix 23.

TABLE 6.15 MILK FOR HEALTH ON THE NIAGARA FRONTIER, INC. INCOME AND EXPENDITURES, 1985 AND BUDGETED 1986

	1985	1986
	<u>Dollars</u>	
INCOME		
Cooperative assessments	883,259	
Interest	<u>3,213</u>	
Total income	886,472	880,000
EXPENSES		
Advertising		
Television	382,781	397,770
Radio	98,971	98,000
Public relations	13,515	15,000
Calendars	---	25,000
Buses	4,792	4,600
In-store broadcasting	35,141	37,908
Rob Allen (schools & zoo)	16,689	17,000
Fairs	<u>20,381</u>	<u>20,000</u>
Total advertising	572,270	615,278
Dairy Council of the Niagara Frontier Area	124,863	143,678
National Dairy Council and American Dairy Association and Dairy Council	96,552	114,794
Administration ^a	<u>23,218</u>	<u>24,000</u>
Total expenses	\$816,903	\$897,750

SOURCES: Milk for Health on the Niagara Frontier, Inc., "Statement of Revenue and Expenses 1985"; Milk for Health on the Niagara Frontier, "Milk for Health Proposed Budget for 1986."

^aIncludes salaries, payroll taxes, office expense, committee expenses, professional services, insurance, and depreciation.

DAIRY COUNCIL OF THE NIAGARA FRONTIER AREA, INC.

The Dairy Council of the Niagara Frontier Area, Inc. (DCNFA) was founded in 1955 and is an affiliated unit of the National Dairy Council. It operates in five western New York counties--Niagara, Erie, Orleans (which constitute the marketing area of State Order 127), Genesee, and Wyoming. Genesee and Wyoming Counties were added to the DCNFA area in 1981 when Dairy Council units in the state expanded into previously uncovered areas.

Internal Structure of DCNFA

The DCNFA Board of Directors consisted of nine members in 1986, who also served on the board of Milk for Health on the Niagara Frontier, Inc. (MHNFI). The DCNFA Board elects four officers and employs an executive director to administer the program and supervise the professional and support staff.³¹ The DCNFA office is located in Buffalo, New York.

Relationship of DCNFA to Other Dairy Promotion Organizations

The DCNFA receives almost all of its funds from Milk for Health on the Niagara Frontier. The only other source of funds is the ADADC, which matches the funds allocated to DCNFA by MHNFI for Dairy Council work in Genesee and Wyoming Counties. Dairy Council of the Niagara Frontier Area in 1986 signed the necessary papers to become an affiliated unit of Dairy Council, Inc. In 1984 it was recognized as a qualified promotion organization by the National Dairy Promotion and Research Board.

Activities and Expenditures of DCNFA

DCNFA's total income in 1985 was almost \$145,000. Of this amount, 83 percent came from MHNFI, 10 percent from ADADC, and 7 percent from other sources. Total expenditures in 1985 were almost \$148,000. Once salaries of professional staff (included in the program direction category) are added to the appropriate program activity area, DCNFA in 1985 allotted 35 percent of its total expenditures to the educational group, 16 percent to the health professional group, 12 percent to the consumer group, and 5 percent to the dairy industry group.³²

³¹See Appendix 24 for a list of the 1986 officers and professional staff of the Dairy Council of the Niagara Frontier Area.

³²These percentages were furnished by Nancy Chrisman, executive director of DCNFA. DCMNY and DFNC included salaries of their professional staff members in their program activity expenditure figures.

TABLE 6.16 ACTIVITIES OF THE DAIRY COUNCIL OF THE NIAGARA FRONTIER AREA, 1979-1985

	1979	1980	1981	1982	1983	1984	1985
Conferences	3,882	3,387	2,839	2,722	2,689	2,495	1,923
Material placed (x 1,000)	271	206	169	162	148	175	167
Meetings presented	220	209	169	95	88	79	155
Attendance	4,083	3,801	3,102	1,868	1,568	1,542	4,079
Film showings	3,390	4,175	3,419	5,188	3,218	3,032	2,888
No. viewers	107,863	109,423	94,343	83,297	85,878	78,353	69,712
Radio PSA ^a time (minutes)	2,205	2,520	1,470	90	108	45	---
TV PSA ^a time (minutes)	472	1,359	1,145	960	1,192	1,208	1,204
Press stories (lines of space)	2,952	3,980	2,066	1,337	1,040	1,036	971
Exhibits (days)	24	71	41	18	50	39	131
Loan projects	399	328	264	252	270	180	133

SOURCE: Dairy Council of the Niagara Frontier Area, Annual Report, 1979 through 1985.

^aPublic service announcement.

The activities carried out by the DCNFA are similar to those described for the DCMNY and DFNC. Table 6.16 provides a summary of these activities since 1979.

ROCHESTER HEALTH FOUNDATION, INC.

The Rochester Health Foundation, Inc. (RHF) was incorporated on February 24, 1954. The production area--and funding area--for the Foundation is State Order 129. The funding area includes all of Monroe, Wayne, and Ontario Counties, and parts of Livingston, Genesee, and Orleans Counties. The Foundation's promotion area consists of the city of Rochester and 13 specified towns in Monroe County.³³ RHF's office is located in Rochester, New York.

From 1979 to 1983, RHF's assessment rate was periodically increased, reaching its highest level--11 cents per cwt.--in 1982. When the national Dairy Promotion and Research Order became effective in 1984, RHF's assessment decreased to 10 cents per cwt., the maximum allowed by the order (Table 6.17). RHF's annual assessment income has increased significantly since 1979, from \$259,492 to \$435,015 in 1985 (a 68-percent increase).

Internal Structure of the Rochester Health Foundation

The RHF has 12 members on its board of directors who are designated each year by the two member cooperatives, Dairyalea Cooperative, Inc., and Upstate Milk Cooperatives, Inc. The voting power of each cooperative on the board is weighed by the respective proportion of total funds contributed to RHF. The board elects from its members a president, vice president, secretary/treasurer, and an assistant treasurer. The full board meets at least four times a year. An executive secretary is employed to manage the Rochester office.³⁴

RHF's Relationship to Other Dairy Promotion Organizations

The parent organization of the Rochester Health Foundation is the Rochester Cooperative Milk Producers Bargaining Agency, Inc. There is some overlap between the respective boards of directors, and the executive secretary of the Foundation is also the assistant secretary of the Bargaining Agency.

³³The 13 towns are Brighton, Chili, Gates, Greece, Henrietta, Irondequoit, Ogden, Parma, Penfield, Perinton, Pittsford, Riga, and Webster.

³⁴For a list of the 1986 officers and professional staff of the Rochester Health Foundation, Inc., see Appendix 25.

TABLE 6.17 ANNUAL ASSESSMENT INCOME OF THE ROCHESTER HEALTH
FOUNDATION, INC., 1979-1985

Year	Rate Per Cwt. (Date of Change)	Assessment Income
1979	\$.08	\$259,492
1980	.08	265,316
1981	.105 (2/1/81)	337,218
1982	.11 (2/1/82)	365,843
1983	.11	434,211
1984	.105 (2/84)	422,492
	.10 (6/84)	
1985	.10	435,015

SOURCE: Shirley J. Lloyd, executive secretary, Rochester Health Foundation, Inc.

TABLE 6.18 ROCHESTER HEALTH FOUNDATION, INC. INCOME AND EXPENDITURES,
ACTUAL 1985 AND BUDGETED 1986

	1985	1986
		<u>Dollars</u>
INCOME		
Contributions from member cooperatives and producer/dealers	435,015	
Interest	<u>19,533</u>	
Total income	\$454,548	\$468,789
EXPENSES		
American Dairy Association and Dairy Council, Inc.		
Local advertising and promotion		
Television		84,279
Radio		60,717
Outdoor advertising		9,378
Promotion		28,626
In-store broadcasting		15,000
Talent, tapes, shipping		<u>12,000</u>
Total		210,000
DPFA pool share		72,000
ADADC fee		24,100
UDIA fee		<u>20,426</u>
Total ADADC, Inc.	<u>321,753</u>	326,526
Dairy Council of Rochester, Inc.	127,000	127,110
Special promotion	600	0
Administration ^a	<u>19,649</u>	<u>15,153</u>
Total expenses	\$469,002	\$468,789

SOURCE: Shirley J. Lloyd, executive secretary, Rochester Health Foundation, Inc.

^aIncludes office facilities, supplies, personnel, and directors' expenses.

The Rochester Health Foundation sends practically all of its local advertising and promotion funds to the ADADC, which in turn oversees the placement of advertisements in the Rochester area through UDIA's advertising agency (D'Arcy Masius Benton & Bowles). The Foundation pays ADADC a fee for administering Rochester's advertising and promotion program and pays for its share of ADADC's UDIA membership fee, although the Foundation is not a member unit of UDIA. RHF also forwarded its share of the Dairy Promotion Federation Association (DPFA) pools to ADADC for disbursement to the DPFA. In addition to these monetary and program ties between the Foundation and ADADC, the Rochester Bargaining Agency has a seat on ADADC's Board of Directors.

The Rochester Cooperative Milk Producers Bargaining Agency is represented on the New York Milk Promotion Advisory Board, and the executive secretary of the Foundation often attends advisory board meetings. RHF also is a qualified dairy promotion organization, as defined by the national Dairy Promotion and Research Order.

The Rochester Health Foundation supplies approximately 80 percent of the funds of the Dairy Council of Rochester, Inc. There is some overlap between the boards of directors of these two organizations.

Income and Expenditures of the Rochester Health Foundation, Inc.

The assessment income, and hence the total income, of the RHF has grown steadily since 1979 (Table 6.17). Total income in 1986 was projected to be almost \$469,000 (Table 6.18). Of this amount, almost 70 percent was to be turned over to the ADADC to cover RHF's local advertising and promotion program, its share of the DPFA pools, and its administration fees to ADADC and UDIA. Because of the current arrangement between the Rochester Health Foundation and the ADADC, the Foundation's advertising and promotion program basically parallels that of ADADC. The Foundation, however, does do some local advertising and promotion work that is separate from that done by ADADC, such as billboard and transit advertising, and promotions with local groups.

Approximately 27 percent of the Foundation's 1986 funds were allocated to the Dairy Council of Rochester, Inc. Slightly over 3 percent of the Foundation's budget was to be used to cover administrative expenses.

DAIRY COUNCIL OF ROCHESTER, INC.

The Dairy Council of Rochester, Inc. (DCR) was founded in 1952 and is an affiliated unit of the National Dairy Council.³⁵ Until 1980, DCR operated only in Monroe County. As a result of the Dairy Council expansion in the early 1980s, DCR now also serves Livingston and Ontario Counties and most of Wayne County.

³⁵Information for this section was provided by Ruth Fischer, executive director of DCR.

Internal Structure of DCR

DCR has a policy-making board of directors consisting of nine members. Six of the directors are dairy producers who are nominated by the Rochester Cooperative Milk Producers Bargaining Agency. The remaining three directors are milk dealers who are selected by the management of the two major cooperatives in the DCR area, Dairylea Cooperative (one director) and Upstate Milk Cooperatives (two directors). The board elects a president, vice president, secretary, and treasurer from its members. An executive director is hired by the DCR Board to administer the Dairy Council programs and to supervise the professional staff. DCR's staff consists of three professionals (executive director, program director and communications specialist, nutrition-education consultant), a full-time office manager, and a three-fifths-time records management employee.³⁶ The DCR office is located in Rochester, New York.

In 1980, DCR established an advisory committee made up of four health professionals, four educators, two consumer leaders, and the president of the DCR Board of Directors. The committee, which meets four times a year, has helped DCR develop new contacts, develop needs assessments, and enhance program implementation.

Relationship of DCR to Other Dairy Promotion Organizations

The DCR receives about 60 percent of its funds from the Rochester Health Foundation (RHF), and there is considerable overlap between the boards of directors of these two organizations. DCR also receives funds from ADADC, which matches the funds allocated to DCR by the Rochester Health Foundation for Dairy Council work in Livingston, Ontario, and Wayne Counties.

In October 1986, DCR signed an agreement to become an affiliated unit of Dairy Council, Inc. This agreement, which will be reviewed annually by DCR's Board of Directors, results in lower National Dairy Council dues for DCR. On the national level, DCR is an affiliated unit of the National Dairy Council and is recognized as a qualified dairy promotion organization by the National Dairy Promotion and Research Board.

Activities and Expenditures of DCR

In 1985, 57 percent of DCR's \$172,201 income came from the Rochester Health Foundation. These funds have, since 1978, been jointly agreed upon by RHF and DCR. The ADADC and RHF provide matching funds (21 percent of DCR's 1985 budget) for Dairy Council work in its three

³⁶For a list of Dairy Council of Rochester's 1986 officers and professional staff, see Appendix 26.

added counties. Distributors, who contribute at the level of one cent per cwt. of Class I milk sales in the Rochester market, accounted for almost 7 percent of DCR's 1985 income. The remaining portion of DCR's 1985 income came from sales of materials, program grants from private foundations, registration and consulting fees, special programs, and interest income. Sales of materials, which were started in the late 1970s, have been a growing part of DCR's income.

In 1985, DCR's total expenses equaled \$182,278. Once salaries of the professional staff are added to the appropriate program activity area, DCR in 1985 allotted 35 percent to the educational group, 28 percent to the consumer group, 21 percent to the health professional group, and 10 percent to the dairy industry group.³⁷

Although the education program remains the backbone of the DCR program, more emphasis is being placed on programs for medical leaders and consumers. In 1980 DCR jointly sponsored its first allied health professional conference with the Pediatrics Department of the University of Rochester Medical Center and the Coordinated Dietetics Program of the Rochester Institute of Technology. The DCR has also been a strong supporter of the Visiting Professorship in Nutrition program sponsored by NDC, with the first such professorship instituted at the University of Rochester Medical Center.

Since 1979 DCR has worked with area colleges to offer summer graduate courses or in-service programs for educators. In 1983 and 1984, DCR sponsored a "Breakfast on the Farm" program to educate families on the nutritional benefits of dairy foods. Approximately 8,000 people attended these programs. In 1985, DCR participated in the calcium campaign sponsored by the New York Milk Promotion Advisory Board and administered by ADADC. DCR showed the NDC Osteoporosis and You slide program to about 8,500 persons, held nine calcium conferences for health professionals, and placed exhibits and leaflets in the DCR area.

MILK PROMOTION SERVICES, INC.

Milk Promotion Services, Inc. (MPSI) operates in the Federal Order 1 area as a counterpart to ADADC in Federal Order 2. As such, it receives funds from dairy producers in six New England states and New York (Table 6.19). MPSI is a member of UDIA and is recognized as a qualified promotion organization by the NDPRB.

Immediately prior to the establishment of the National Dairy Promotion and Research Board in 1984, MPSI's official assessment rate was .08 of 1 percent of the producer pay price in the twenty-first zone (or 11 cents per cwt.). This assessment was not mandatory for all producers, particularly for those not belonging to a cooperative. Since

³⁷These percentages were provided by Ruth Fischer, executive director of DCR. DCMNY and DFNC included salaries of their professional staff members in their program activity expenditure figures.

TABLE 6.19 MPSI INCOME AND EXPENDITURES, 1983-1986

	1983	1984	1985	1986 ^a
<u>Thousands of Dollars</u>				
INCOME				
Vermont	2,311	2,082	2,279	2,203
Massachusetts	508	512	514	540
New Hampshire	342	301	251	250
Maine	275	186	302	360
Connecticut	486	480	566	605
Rhode Island	37	37	37	43
New York	1,356	1,346	1,257	1,296
UDIA refunds	---	---	89	---
Interest	<u>37</u>	<u>39</u>	<u>26</u>	<u>22</u>
Total income	5,352	4,983	5,321	5,319
Balance from previous year	<u>164</u>	<u>215</u>	<u>(3)</u>	<u>90</u>
Total funds available	5,516	5,198	5,318	5,409
EXPENDITURES				
Special state programs	53	39	34	40
Public relations, community and industry relations	76	159	104	202
Dairy marketing services	124	160	114	120
Special programs	99	106	124	216
Consumer affairs	29	45	36	47
Nutrition education				
N.E. Dairy and Food Council	1,170	1,259	1,391	1,450
Research projects	---	46	10	15
Market programs				
UDIA	505	323	325	422
Media	2,870	2,630	2,599	2,212
Foodservice	29	60	97	176
Other	19	18	11	20
Salaries	145	183	193	221
Operating expenses	138	174	158	170
Capital expense	13	---	---	---
Market research	<u>32</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total expenditures	5,302	5,202	5,196	5,309

SOURCES: Milk Promotion Services, Inc., Operating Statement, 1983, 1984, 1985; Milk Promotion Services, Inc., 1986 Proposed Budget.

^aProposed budget.

1984, cooperatives and dealers in the F.O. 1 area (including those purchasing milk from New York producers) have been sending the 10 cent per cwt. assessment (the maximum allowed under the national order) directly to MPSI, except for cooperatives and dealers in Vermont and Maine. State laws in those two states require that dairy promotion monies be sent to the appropriate state agencies, which in turn forward the funds to MPSI. Producers who do not belong to a cooperative are sent a positive letter to determine whether they want their assessment to go to MPSI or to some other promotion organization.

Internal Structure of MPSI

MPSI is governed by a board of directors of approximately 40 dairy producers, most of whom are selected by the area's dairy cooperatives. The bylaws allow for representation on the board by independent producers and producer/handlers. MPSI employs nine people, and its offices are located in South Windsor, Connecticut (main office) and Montpelier, Vermont.

MPSI Income and Expenditures

MPSI's 1985 income was \$5.3 million, of which 24 percent came from New York dairy producers (Table 6.19). The only other state providing more funds was Vermont (\$2.3 million or 43 percent).³⁸ MPSI's income dropped in 1984, partly as a result of the drop in MPSI's assessment rate from 11 cents to 10 cents per cwt. when the NDPRB was formed.

MPSI allocated 50 percent (\$2.6 million) of its expenditures to media advertising and 27 percent (\$1.4 million) to the New England Dairy and Food Council in 1985. As a member of UDIA, MPSI has relied primarily on ADA-produced ads in its local advertising programs. Of its \$2.6 million media expenditure in 1985, MPSI spent \$1.8 million on local media ads (52 percent in the Boston area), and \$471,248 was its contribution to the DPFA pools. The balance was spent on special promotions.

MPSI has been involved in a variety of other promotion activities, including the development in the early 1980s of a foodservice program. MPSI is an active supporter of UDIA's "REAL" Seal program and has gotten almost all dairies in New England to participate in the program. Several of MPSI's recent successful promotions have focused on sports events. For example, MPSI cosponsors a 10-kilometer race in Boston known as the Boston Milk Run. In 1985, MPSI was a cosponsor of the Volvo Tennis Classic, and recently it signed a contract with the Boston Celtics, whose team members will perform public-service work in the areas of health and nutrition.

³⁸Funds from Vermont came from three sources: Vermont Dairy Industry Council (34 percent of MPSI's 1985 total), Dairy Council of Vermont (1 percent), and Vermont's set-aside program (8 percent).

MID EAST UNITED DAIRY INDUSTRY ASSOCIATION

Mid East UDIA operates in Federal Orders 36 and 33. Producers in F.O. 36 are covered by a federal promotion order program and therefore remit their assessments to the F.O. 36 Advertising and Promotion Agency.³⁹ This agency in turn maintains an agreement with Mid East UDIA to manage its promotion activities and advertising programs. Producers in F.O. 33, who are not covered by a federal promotion order program, send their assessments directly to Mid East UDIA.

Before the national Dairy Promotion and Research Order took effect, approximately 80 percent of the producers in F.O. 36 were voluntarily contributing 1 percent of the producer pay price to the F.O. 36 Advertising and Promotion Agency. Producers in F.O. 33 were voluntarily contributing 10 cents per cwt., primarily through their cooperatives. Producers in both federal orders are currently assessed the maximum 10 cents per cwt.

Mid East UDIA is a member of UDIA and is recognized as a qualified promotion order program.

Internal Structure of Mid East UDIA

Mid East UDIA has a 24-member board of directors consisting of dairy producers and processor/handlers from both federal orders. Its main office is located in Marysville, Ohio.

Mid East UDIA Income and Expenditures

Mid East UDIA's 1985 income was \$6.2 million (Table 6.20). Of that total, \$3.2 million (52 percent) came from producers in F.O. 36 and \$3.0 million (48 percent) from producers in F.O. 33. New York producers, through their contributions to the federal promotion order program in F.O. 36 under New York's companion program provision, contributed approximately 1.5 percent of Mid East's 1985 total income.

Mid East allocated 72 percent of its 1985 expenditures to UDIA's advertising and promotion programs, 24 percent to nutrition-education programs, and 4 percent to operating expenses. Table 6.20 provides a breakdown of Mid East UDIA's expenditures by federal order.

NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS

The New York State Department of Agriculture and Markets plays a central role in the administration of the New York Dairy Promotion

³⁹For a more detailed description of federal promotion order programs, see Chapter 10.

TABLE 6.20 MID EAST UDIA 1979-1985 INCOME AND 1985 DISBURSEMENTS

	F.O. 36	F.O. 33	Totals
		<u>Dollars</u>	
INCOME			
1979	1,247,100	1,558,544	2,805,644
1980	1,567,800	1,952,964	3,520,764
1981	2,178,000	2,790,231	4,968,231
1982	2,520,800	3,095,990	5,616,790
1983	2,611,500	3,083,007	5,694,507
1984	2,859,267	2,868,830	5,728,097
1985	3,222,555	2,996,209	6,218,764
DISBURSEMENTS, 1985			
UDIA advertising/ promotion ^a	2,752,444	2,091,119	4,843,563
Nutrition education	748,410	830,230	1,578,640
Meeting/operating	<u>76,515</u>	<u>214,045</u>	<u>290,560</u>
Totals	3,577,369	3,135,394	6,712,763

SOURCE: Scott E. Higgins, general manager of Mid East UDIA.

^aIncludes balances carried forward from 1984.

Order.⁴⁰ The Dairy Promotion Act of 1969 authorizes New York's commissioner of Agriculture and Markets to administer and enforce all provisions of the act. This role is reiterated in the promotion order (I NYCRR Part 40). The commissioner appoints all members of the New York Milk Promotion Advisory Board, whose authority is limited to that of making recommendations to the commissioner. The commissioner, however, has never overruled a recommendation made by the advisory board.

The Department of Agriculture and Markets is responsible for providing direction and evaluation of the state's dairy promotion programs.⁴¹ In this capacity, the department's Division of Dairy Industry Services acts as an advisor to the New York State Milk Promotion Advisory Board. This division conducts hearings and supervises referenda dealing with the promotion order. Its assistant director serves as the advisory board's secretary.

The Department of Agriculture and Market's legal bureau prepares contracts between the commissioner and various organizations and institutions under the authority of the Dairy Promotion Act of 1969 and the New York Dairy Promotion Order. In 1986 there were five active contracts:

1. American Dairy Association and Dairy Council, Inc.;⁴²
2. American Dairy Association and Dairy Council, Inc., and National Dairy Council;⁴³
3. United Dairy Industry Association and American Dairy Association and Dairy Council, Inc.;⁴⁴

⁴⁰Information in this section is taken mostly from Stavins and Forker, Dairy Promotion in New York State, 1963-1979.

⁴¹Much of this work has been contracted out to the Department of Agricultural Economics at Cornell University. See Chapter 11.

⁴²"... in relation to the conduct of local advertising and sales promotion programs and the conduct of programs relating to producer communications and information and industry and consumer relations."

⁴³Covers funding of Dairy Council, Inc. "for the purpose of disseminating accurate nutritional information and to promote balanced diets among consumers through adequate use of milk and milk products."

⁴⁴"... in relation to support for the conduct of national programs of advertising and sales promotion, nutrition research and education, product development and marketing competence, and marketing and economic research."

4. Cornell University, acting through and in behalf of the College of Agriculture and Life Sciences (Department of Agricultural Economics);⁴⁵ and
5. Cornell University, acting through and in behalf of the College of Agriculture and Life Sciences (Department Food Science).⁴⁶

The department also had a contract from 1981 to 1983 with Cornell University's Division of Nutritional Sciences, which conducted a study of nutrition education in New York State.

The 15 cent per hundredweight assessment on milk marketed is collected monthly by handlers (deducted from producers' milk checks). The handlers submit 10 cents per cwt. before the 28th day of the following month to the Division of Dairy Industry Services.⁴⁷ After this division checks the handlers' monthly reports to make sure that the amount submitted is correct, it remits the funds to the Department of Agriculture and Markets' Finance Office, which in turn sends the funds to the Department of Audit and Control. The Department of Audit and Control makes all payments for the New York promotion programs as authorized by the Department of Agriculture and Markets. The remaining 5 cents per cwt. are sent by the handlers to the National Dairy Promotion and Research Board as required by the national Dairy Promotion and Research Order.

Extensive audits of all participating organizations and institutions are carried out by the Department of Agriculture and Markets and others to verify cash receipts and expenses and to determine if they are in agreement with the amounts budgeted and are in compliance with the terms of contracts. The Division of Dairy Industry Services regularly

⁴⁵The Department of Agricultural Economics is "to undertake programs of research studies and investigations designed to measure and evaluate the effectiveness of the Dairy Promotion Order and the advertising, nutrition education and promotion programs conducted thereunder."

⁴⁶The Department of Food Science is "to undertake a program to improve the flavor and quality of milk from farm to consumer by conducting research to determine the cause of off-flavors in the milk supply, and by conducting educational programs and preparing educational materials pertaining to methods of correcting milk quality defects...."

⁴⁷The handlers (or cooperatives) deduct from these monies any payments they have made (not to exceed \$.10 per cwt.) to other milk promotion agencies on milk approved for state order markets or marketed out-of-state. This is pursuant to the companion programs provision of the New York Dairy Promotion Order and currently applies to payments made to Milk Promotion Services, Inc., Mid East United Dairy Industry Association (Eastern Ohio and Western Pennsylvania), Milk for Health on the Niagara Frontier, Inc., and the Rochester Health Foundation, Inc.

conducts such audits of ADADC, DCI, and other contractors. The Buffalo and Rochester programs are also audited under the division's authority as administrator of state milk marketing orders. The expenditures made by UDIA of funds received from federal promotion order agencies and from the New York Dairy Promotion Order are audited by the Chicago Market Administrator for the U.S. Department of Agriculture. The New York Department of Agriculture and Markets is itself audited in terms of its handling of the New York Dairy Promotion Order funds by the Office of the State Comptroller.

AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC. ADVERTISING AND SALES PROMOTION PROGRAMS, 1979-1986

Each year the American Dairy Association and Dairy Council, Inc. (ADADC) commits a major portion of its budget to advertising and sales promotion. In 1985, for example, ADADC spent \$7.2 million, or 67 percent of its total funds, on advertising and sales promotion programs, and it planned to spend even more in 1986. How these funds are spent and whether they are being spent effectively are, therefore, major concerns of ADADC's members as well as its primary funding source, the New York Milk Promotion Advisory Board. This chapter provides a summary of ADADC's advertising and sales promotion activities since 1979, including an introduction to the key elements and participants in its advertising programs.

ADADC Advertising Primer

ADADC's advertising and sales promotion budgets since 1979 have consisted of three key expenditures: local market advertising, United Dairy Industry Association/American Dairy Association pools, and the Dairy Promotion Federation Association (DPFA) pools (from August 1985 to December 1986). Together these three expenditures have accounted for over 90 percent of ADADC's total advertising budget.

Local market advertising (local spot) is advertising time that ADADC purchases from the independent TV and radio stations located in its marketing area.¹ In 1985, three-fourths of ADADC's budget was allocated to local market ads. The United Dairy Industry Association (UDIA) and DPFA pools, on the other hand, are used to purchase national

¹See Table 7.1 for definitions of advertising terms that are used throughout this chapter.

TABLE 7.1 DEFINITIONS OF ADVERTISING TERMS

Advertising. A method of delivering a message impersonally to many people over the sponsor's name.

Advertising agency. An organization rendering advertising services to clients.

Area of Dominant Influence (ADI). An exclusive geographic area consisting of all counties in which the home market station receives a preponderance of total viewing hours. Developed by American Research Bureau. Widely used for TV, radio, newspaper, magazine, outdoor advertising in media scheduling.

Campaign. A specific advertising effort on behalf of a particular product or service. It extends for a specified period of time.

Dayparts. Time segments into which a radio or TV day is divided, from first thing in the morning to the last thing at night. The parts are given different names. The cost of time depends upon the size of the audience at the time of each different daypart.

Television (Eastern Standard Time)

6 AM - 4:30 PM	Day time
4:30 PM - 7:30 PM	Early fringe
7:30 PM - 8 PM	Prime access
8 PM - 9 PM	Prime time
9 PM - 11 PM	Late prime
11 PM - 11:30 PM	Late fringe
11:30 PM - end	Late late

Gross rating point (GRP). The rating a program gets (reach) multiplied by the number of times a program is played (frequency).

Network. Interconnecting stations for the simultaneous transmission of television or radio broadcasts.

Point-of-purchase advertising. Displays prepared by the manufacturer for use where the product is sold.

Sales promotion. Those sales activities that supplement both personal selling and marketing, coordinate the two, and help to make them effective; for example, displays.

Spot (TV and radio). Purchase of time from an independent station, in contrast to purchase from a network. When purchased by a national advertiser it is, strictly speaking, national spot, but is referred to just as spot. When purchased by a local advertiser it is, strictly speaking, local spot, but is referred to as local TV or local radio.

Television household (TVHH). A household with at least one television.

SOURCE: Otto Kleppner, Advertising Procedure, Prentice-Hall, Inc., Englewood Cliffs, NJ, 1979.

advertising (network media buys).² Network ads are seen or heard simultaneously by persons throughout the U.S. on such media as network TV, network radio, and in the national print media. Since the ADADC area represents 10 percent of the total television households (TVHH) in the U.S. (in 1985), approximately 10 percent of the UDIA and DPFA network advertising pools are spent in the ADADC area. The total network advertising funds allocated to the ADADC area by these pools may not necessarily equal ADADC's contributions, depending on how close ADADC's pool funds come to equaling 10 percent of the pools' total funds.

Advertising Agencies

ADADC, as a member of UDIA/ADA, has relied on the American Dairy Association's (ADA) advertising agency, D'Arcy Masius Benton & Bowles (prior to 1985 the agency's name was D'Arcy-MacManus & Masius) to create, produce, and place all of its local market advertising and sales promotion programs. These same programs are supplied to all other UDIA members by the ADA. ADADC works directly with its own representative at D'Arcy Masius Benton & Bowles (DMBB), who helps the organization formulate its media plans and tailor ADA's ads to better fit its market areas.

Through its participation in the DPFA pools, ADADC also indirectly used the services of DPFA's advertising agencies. In 1986-87, these agencies were DMBB, McCann-Erickson, and Grey.

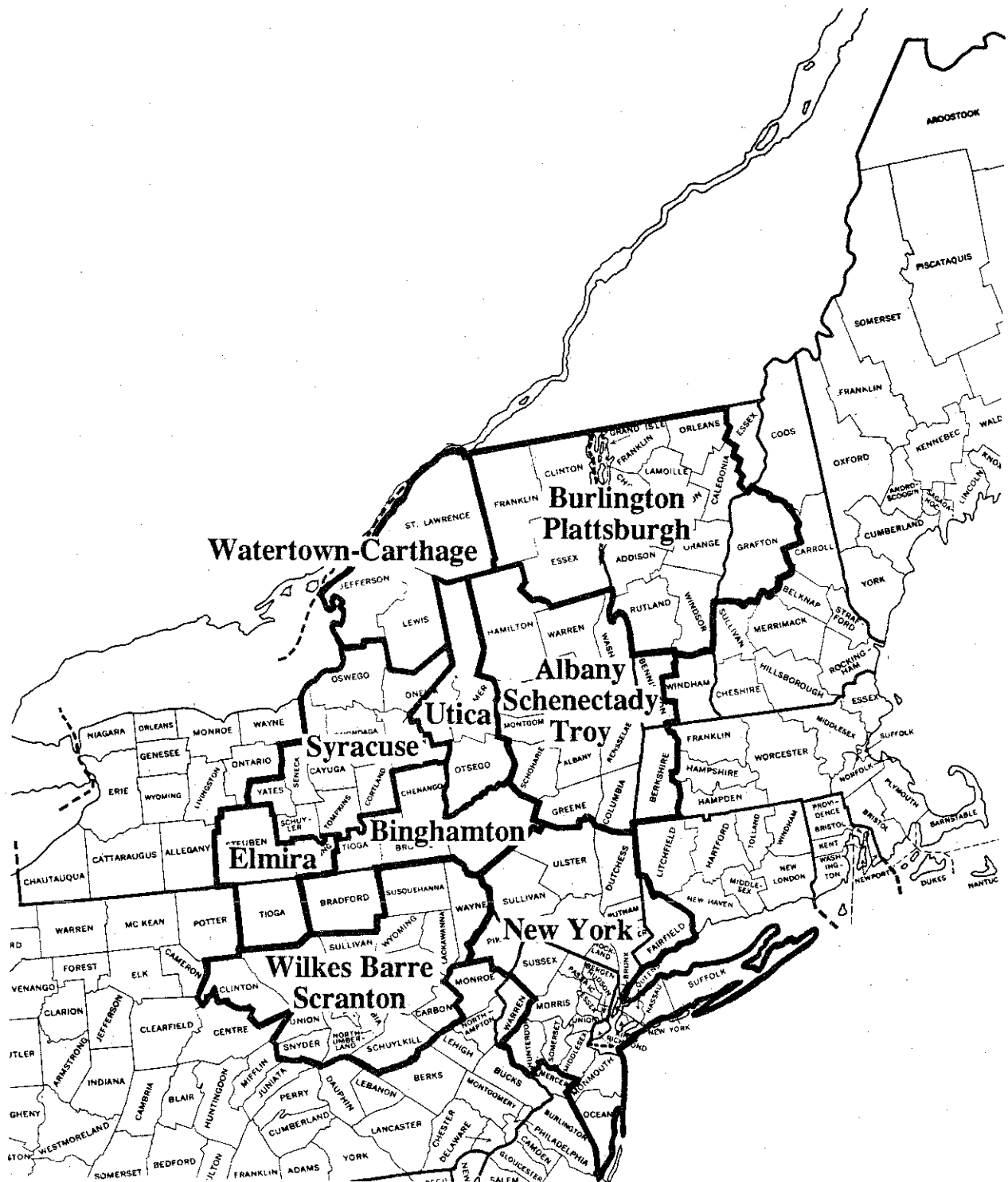
ADADC Market Areas

ADADC advertises in nine market areas (Areas of Dominant Influence, or ADIs): New York City, Albany/Schenectady/Troy, Syracuse, Burlington/Plattsburgh, Binghamton, Utica/Rome, Elmira, Watertown/Carthage, and Wilkes-Barre/Scranton (beginning in 1984). Since the Burlington/Plattsburgh ADI falls in both the ADADC and Milk Promotion Services, Inc. membership areas (Figure 7.1), each organization funds half of the local market advertising schedule in this ADI.

The ADADC area had approximately 8.6 million television households (TVHH) in 1985. This sizable audience is due mostly to the New York City ADI, which accounted for almost 6.7 million TVHH, or three-fourths of the total TVHH in ADADC's area in 1985 (Table 7.2). The remaining seven New York markets, which are often referred to collectively as the upstate markets, had 1.5 million TVHH (17 percent of ADADC's TVHH). The Wilkes-Barre/Scranton, Pennsylvania ADI included 421,000 TVHH, or 5 percent of the TVHH in ADADC's area.

²See Chapters 3 and 4 for more information on the UDIA and DPFA pools.

FIGURE 7.1 AMERICAN DAIRY ASSOCIATION & DAIRY COUNCIL, INC. ADI MARKET MAP, 1987



SOURCE: Arbitron Ratings Company.

TABLE 7.2 AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC.
MARKET AREAS, 1985

Market (ADI)	TV Households	
	(000)	%
New York City	6,696.0	78
Albany/Schenectady/Troy	481.2	6
Wilkes-Barre/Scranton	421.0	5
Syracuse	367.9	4
Burlington/Plattsburgh	219.0	2
Binghamton	154.6	2
Utica/Rome	101.3	1
Elmira	84.3	1
Watertown/Carthage	78.2	1
Total TVHH	8,603.5	100

SOURCE: D'Arcy-MacManus & Masius, American Dairy Association and Dairy Council, Inc. January-December, 1986 Preliminary Media Plan, October 16, 1985.

Budget and Planning Process

ADADC begins developing its yearly media plan each summer by proposing a media budget based on previous years' expenditures, anticipated assessment revenues, and Cornell University research findings concerning optimum per capita advertising expenditures in the ADADC area. This media budget contains a breakdown of projected local market media advertising expenditures, pool contributions, sales promotion expenses, and related production costs.

ADADC then consults with its representative at the American Dairy Association's advertising agency, D'Arcy Masius Benton & Bowles, to formulate a media plan. The media plan specifies how ADADC's local market ad expenditures will be allocated among each of ADADC's nine market areas by product, target audience, and medium. An advertising schedule for each ADI is also provided. This media plan is then presented to the New York Milk Promotion Advisory Board and to ADADC's Board of Directors during the fall for their approval. Once approved, DMBB implements the media plan for ADADC. Revisions are periodically made to the original plan when advertising conditions change or new advertising opportunities develop.

Summary of ADADC's Advertising and Sales Promotion Programs

ADADC's advertising and sales promotion budget has almost quadrupled since 1979, growing from \$1.9 million to \$7.5 million in 1986 (Table 7.3). This substantial budget growth is due primarily to increases in the assessment rate (from 5 cents per cwt. in 1979 to 10 cents per cwt. since May 1984 in New York State) as well as to greater participation by Pennsylvania and New Jersey dairy producers in ADADC's promotion program.

Despite these budget increases, ADADC has made few major changes to its advertising and sales promotion program during this eight-year period. Local market advertising has continued to dominate ad expenditures, with fluid milk the primary product featured and television the medium of choice. Furthermore, the New York City ADI has remained the major recipient of local market ad funds, reflecting ADADC's long-standing advertising guideline of "money following milk to market."

Even though ADADC's overall advertising program has remained roughly the same, recent changes on the national level, including the creation of the National Dairy Promotion and Research Board and the Dairy Promotion Federation Association, have affected ADADC's regional advertising program. ADADC's participation in the DPFA pools, for example, resulted in an increase in ADADC's network ad buys at the expense of local market expenditures. Also, through its participation in the DPFA pools, ADADC no longer relied solely on the ADA for the creation and placement of its advertising programs. The following sections examine more closely these and other trends that have characterized ADADC's advertising programs since 1979.

TABLE 7.3 ADADC ADVERTISING AND SALES PROMOTION EXPENDITURES, 1979-1986

Expenditure	1979	1980	1981	1982	1983	1984	1985	1986 ^a
	<u>Thousands of Dollars</u>							
Local market ads	1,822 96%	1,734 96%	3,810 93%	4,057 88%	4,031 92%	5,967 92%	5,435 76%	5,163 69%
Sales promotion materials	78 4%	70 4%	100 2%	66 2%	29 1%	-----	-----	-----
UDIA pools								
Cheese	-----	-----	200 5%	250 5%	250 6%	250 4%	221 3%	-----
"REAL" Seal	-----	-----	-----	-----	43 1%	77 1%	50 1%	-----
Butter	-----	-----	-----	-----	-----	-----	90 1%	-----
Transfer to F.O. 2	-----	-----	-----	17	17	65 1%	170 2%	170 2%
DPFA pools	-----	-----	-----	-----	-----	-----	1,002 14%	1,383 ^c 18%
Other ^b	-----	-----	-----	241 5%	5	138 2%	189 3%	790 11%
Totals ^d	1,900 100%	1,804 100%	4,110 100%	4,631 100%	4,375 100%	6,497 100%	7,157 100%	7,506 100%

SOURCES: ADADC Media Plans, 1979-1986.

^aProjected expenses.

^bOther expenses include, by year, the following: 1982-fluid milk sales promotion, media promotion opportunities; 1983-special promotion giveaway; 1984-New York State cheese collateral, Blair Network mail, calcium reprints, special media opportunities; 1985-special media opportunities; 1986-Ski-View, in-store broadcast, holiday promotion, June promotion, foodservice and retail trade advertising.

^cThis DPFA pools figure is ADADC's 1986 portion (January-August) of the 1985-86 pools.

^dTotals do not include the advertising funds remitted by the Rochester Health Foundation to ADADC.

Local Market Advertising

The primary focus of ADADC's advertising and sales promotion programs has been local market (or local spot) advertising (Table 7.3). Dollar increases in the local market ad budget kept pace with increases in the total budget until 1984, growing from \$1.8 million in 1979 to a peak of almost \$6.0 million in 1984.³ The proportion of total advertising and promotion funds spent on local market ads from 1979 to 1984 was an average 93 percent. Starting in 1985, with the advent of the DPFA pools, local market ad purchases began to decline. In 1986, \$5.2 million was allocated to spot ads, a 13-percent decrease from 1984's peak \$6.0 million expenditure.

This decrease in local market funds should not be interpreted as a shift away from advertising by ADADC, but rather a shift from local market ads to network ads. ADADC allocated 14 percent of its budget (\$1 million) to the DPFA network advertising pools in 1985 and 18 percent (through August 1986)⁴ in 1986 (Table 7.3). Therefore, when these DPFA pools funds are added to the 1985 and 1986 local market ad funds, the proportion of ADADC's budget spent on advertising remains at approximately the 93 percent pre-1985 average (90 percent in 1985 and 87 percent through August 1986). ADADC, therefore, has maintained advertising's share of its total budget.

Products Advertised. Fluid milk has received more ads funds by far than any other product or promotion since 1979 (Table 7.4). During this eight-year period, an average of 86 percent of ADADC's local market ad budget has been spent on this commodity (ranging from 92 percent in 1980 to 78 percent in 1984). ADADC has also allocated funds to the New York State cheese promotion (since 1981), ADA's "REAL" Seal promotion (since 1982), and to ADA's various seasonal promotions (off and on since 1979). Of the approximately 10 to 15 percent of ADADC's local market ad funds allocated to these products/promotions, the "REAL" Seal promotion has accounted for at least half.

Target Audiences. The target audiences in ADADC's local market ad campaigns have varied little (Table 7.5). Fluid milk ads have been directed primarily at persons 6 to 34 years old, although in recent years this audience has been further broken down into kids (6 to 11 years old), teens (12 to 17 years old), and young adults (18 to 34 years old). In 1986, ADADC targeted its fluid milk ads to three audiences: teens, young adults, and, for the first time, Hispanic young adults. Ads for young children (6 to 11 years old) were aired nationwide solely by the NDPRB. The target audiences for the "REAL" Seal and New York State cheese ads have remained adults 25 to 54 years old. ADADC's ads for its ADA-produced sales promotions have been aimed at women 25 to 54 years old.

³Local market advertising figures reported throughout this chapter include all production-related expenses.

⁴The 1986 DPFA pools figure shown in Table 7.3 is ADADC's January-August contribution to the 1985-86 DPFA pools.

TABLE 7.4 ALLOCATION OF ADADC LOCAL MARKET ADVERTISING FUNDS BY PRODUCT, 1979-1986

Product	1979	1980	1981	1982	1983	1984	1985	1986 ^a
Thousands of Dollars								
Fluid milk	1,639 90%	1,592 92%	3,146 83%	3,538 87%	3,337 83%	4,671 78%	4,550 84%	4,512 87%
New York State cheese	-----	-----	233 6%	250 6%	244 6%	171 3%	150 3%	150 3%
"REAL" Seal	-----	-----	-----	269 7%	450 11%	515 9%	688 12%	501 10%
ADA promotions	97 5%	-----	118 3%	-----	-----	181 3%	47 1%	-----
Other ^b	86 5%	142 8%	313 8%	-----	-----	429 7%	-----	-----
Totals	1,822 100%	1,734 100%	3,810 100%	4,057 100%	4,031 100%	5,967 100%	5,435 100%	5,163 100%

SOURCES: ADADC Media Plans, 1979-1986.

^aProjected expenditures.^bOther products/promotions include, by year, the following: 1979-80, fluid milk byproducts; 1981, manufactured products; and 1984, calcium promotion.

TABLE 7.5 ADADC LOCAL MARKET ADVERTISING TARGET AUDIENCES, 1979-1986

Year	Fluid Milk	New York State Cheese	"REAL" Seal	ADA Promotions
1979	Persons 6-34	----	----	Women 18-49
1980	Persons 6-34	----	----	----
1981	Persons 6-34	Adults 25-54	----	Women 25-54
1982	Persons 12-34	Adults 25-54	Adults 25-54	----
1983	Persons 12-34	Adults 25-54	Adults 25-54	----
1984	Kids 6-11 Persons 12-34	Adults 25-54	Adults 25-54	Women 25-54
1985	Kids 6-11 Teens 12-17 Persons 18-34	Adults 25-54	Adults 25-54	Women 25-54
1986 ^a	Teens 12-17 Persons 18-34 Hispanic persons 18-34	Adults 25-54	Adults 25-54	----

SOURCE: ADADC Media Plans, 1979-1986.

^aProposed target audiences.

TABLE 7.6 ALLOCATION OF ADADC LOCAL MARKET ADVERTISING FUNDS BY MEDIUM, 1979-1986

Medium	1979	1980	1981	1982	1983	1984	1985 ^a	1986 ^{a,b}
	<u>Percent</u>							
Television	88	84	70	67	62 ^c	71	75	67
Radio	12	16	17	17	20	13	8	13
Outdoor/ Transit	-----	-----	11	14	13	8	17	20
Newspaper	-----	-----	2	-----	3	6	-----	-----
Magazine	-----	-----	-----	2	2	1	-----	-----
Actmedia	-----	-----	-----	-----	-----	1	-----	-----
Totals	\$1,822,080 100%	\$1,733,692 100%	\$3,809,735 100%	\$4,057,375 100%	\$4,031,447 100%	\$5,967,189 100%	\$5,284,838 100%	\$5,013,380 100%

SOURCES: ADADC Media Plans, 1979-1986.

^aDoes not include New York State Cheese Promotion funds (\$150,000) since allocations by medium were not available.^bProposed allocations.^cIncludes local market and regional network TV expenditures.

Media Used. ADADC has used a variety of media combinations in its local market ad programs since 1979, although almost all of its funds have been spent on TV, radio, and transit ads (Table 7.6). Television has remained the primary medium used during this period. The proportion of funds spent on TV, however, has generally declined. Radio's proportion has also declined. Outdoor/transit ads (billboards, subway and bus cards) have, on the other hand, increased their share in recent years.

Advertising Themes. Tables 3.7 and 3.8 provide an overview of the advertising themes that ADADC has used in its local market advertisements. Although it has occasionally adapted these themes to better fit its audience (e.g., changing the theme "Milk. The Fresher Refresher" to "Milk. The Freshest Part of the Big Apple" for its transit ads in 1983), ADADC has relied solely on the American Dairy Association's advertising and sales promotion themes in its local market ads.

Markets. ADADC tends to allocate its local market ad funds among its nine ADIs based on their shares of the total TVHH in ADADC's area. New York City, therefore, has remained the primary recipient of local market ad funds since 1979 (Table 7.7). The proportion of funds spent in the New York City ADI has declined in recent years, due primarily to the addition of the Scranton/Wilkes-Barre, Pennsylvania market in 1984. The upstate New York markets have retained their shares, despite this new market addition.

Per TVHH Expenditures. The per TVHH expenditures reported in Table 7.8 again reflect many of the factors that have affected ADADC's local market expenditures since 1979. These figures, for example, illustrate ADADC's tendency to allocate advertising funds based on a market area's share of the total TVHH. As a result, the per TVHH expenditures in the upstate New York markets roughly equal the per TVHH expenditure in the New York City market. The rise, then fall (since 1984) in per TVHH expenditures also mirror the changes that have occurred to ADADC's local market budgets (Table 7.3). Specifically, the recent drop in per TVHH expenditures reillustrates the DPFA pools' effect on ADADC's local market ad budget.

DPFA Pools

ADADC contributed \$2.4 million to the \$25.1 million 1985-86 DPFA pools, and it planned to contribute again in 1986-87 (Table 7.3).⁵ Its 1986-87 contribution is projected to again be \$2.4 million, or 10 percent of the \$22.6 million pools. ADADC planned to contribute

⁵The DPFA pools are based on a September through August fiscal year. Therefore, the DPFA totals reported in Table 7.3 reflect ADADC's 1985-86 contribution. Its September-December contribution to the 1986-87 pools is not included. For more information on the DPFA, see Chapter 4.

TABLE 7.7 ADADC LOCAL MARKET ADVERTISING EXPENDITURES BY ADI, 1979-1986

Market (ADI)	1979	1980	1981	1982	1983	1984	1985 ^a	1986 ^{a, b}
Dollars								
New York City	\$1,455,900 80%	\$1,542,986 89%	\$3,472,740 91%	\$3,581,560 88%	\$3,331,534 83%	\$4,892,568 82%	\$4,049,797 77%	\$3,832,618 76%
Albany/ Schenectady/Troy	122,122 7%	54,962 3%	91,020 2%	130,020 3%	216,063 5%	349,075 6%	257,716 5%	240,946 5%
Syracuse/Elmira	83,719 4%	47,476 3%	107,978 3%	-----	-----	-----	-----	-----
Syracuse	-----	-----	-----	116,864 3%	172,094 4%	268,172 4%	202,381 4%	179,541 4%
Elmira	-----	-----	-----	50,952 1%	58,858 1%	36,344 1%	52,698 1%	47,078 1%
Binghamton	53,314 3%	27,218 2%	43,744 1%	64,812 2%	92,467 2%	150,091 2%	80,848 2%	73,067 1%
Utica/Rome	48,441 3%	21,794 1%	30,820 1%	34,936 1%	59,178 2%	76,765 1%	66,553 1%	58,132 1%
Watertown/Carthage	34,925 2%	15,400 1%	26,264 1%	39,732 1%	61,004 2%	92,273 2%	72,180 1%	63,432 1%
Burlington/ Plattsburgh	23,659 1%	23,856 1%	37,169 1%	38,499 1%	40,249 1%	55,708 1%	60,270 1%	31,103 1%
Scranton/ Wilkes-Barre	-----	-----	-----	-----	-----	46,193 1%	442,395 8%	487,463 10%
Totals	\$1,822,080 100%	\$1,733,692 100%	\$3,809,735 100%	\$4,057,375 100%	\$4,031,447 100%	\$5,967,189 100%	\$5,284,838 100%	\$5,013,380 100%

SOURCES: ADADC Media Plans, 1979-1986.

^aTotals do not include New York State Cheese Promotion funds (\$150,000) since allocations by ADI were not available.^bProjected 1986 local market advertising expenditures.

TABLE 7.8 PER TVHH LOCAL MARKET ADVERTISING EXPENDITURES BY ADADC MARKET AREA, 1979-1986

Market (ADI)	1979	1980	1981	1982	1983	1984	1985	1986 ^a
	<u>Dollars</u>							
New York City	.23	.24	.54	.56	.52	.76	.62	.57
Albany/Schenectady/Troy	.28	.12	.21	.28	.46	.75	.54	.50
Syracuse/Elmira	.20	.11	.25	----	----	----	----	----
Syracuse	----	----	----	.33	.48	.75	.55	.49
Elmira	----	----	----	.62	.70	.43	.63	.56
Binghamton	.37	.18	.29	.44	.62	1.00	.53	.47
Utica/Rome	.47	.21	.30	.37	.58	.76	.65	.57
Watertown/Carthage	.46	.20	.34	.53	.80	1.21	.94	.81
Burlington/Plattsburgh ^b	.11	.12	.19	.19	.17	.23	.28	.14
Scranton/Wilkes-Barre	----	----	----	----	----	.10	.92	1.16
All markets ^c	.24	.23	.49	.53	.52	.77	.63	.59
Total upstate ^d	.29	.14	.25	.36	.53	.79	.58	.52

SOURCE: ADADC Media Plans, 1979-1986.

^aProjected 1986 local market advertising expenditures.^bHalf of all media expenditures in the Burlington/Plattsburgh area are funded by Milk Promotion Services, Inc. (F.O. 1). The figures reported for Burlington/Plattsburgh represent only ADADC's half of the media expenditures in this market area.^cThe yearly averages for all markets do not include the Burlington/Plattsburgh market.^dThe upstate average does not include the Scranton/Wilkes-Barre and the Burlington/Plattsburgh markets.

57 percent of the \$2.4 million in 1986-87 to the fluid milk pool, 38 percent to the cheese pool, and 5 percent to the butter pool. (These percentages approximate the shares of milk produced in the ADADC area going to Class I sales, cheese, and butter.)

DPFA pool expenditures have accounted for a substantial share of ADADC's total advertising and sales promotion budget (14 percent in 1985, 18 percent projected through August 1986). As discussed earlier, funds for the DPFA pools (network advertising) have resulted primarily in the depletion of ADADC's local market advertising funds. ADADC's participation in the DPFA pools, however, did not result in a notable decrease in its total advertising expenditures.

UDIA Pools

UDIA has for several years developed national sales promotion programs for cheese, the "REAL" Seal, and butter using pooled funds voluntarily contributed by its member organizations. These funds have been used to purchase network advertising and national print media ad space, to sponsor consumer contests, and to develop point-of-purchase materials. ADADC contributed to UDIA's fall cheese promotion from 1981 to 1985 (Table 7.3). To a lesser extent, it also participated in UDIA's promotion pools for the "REAL" Seal and butter. ADADC's total UDIA pool contributions accounted for no more than 7 percent of its total advertising and sales promotion budget during the years it participated. For the first time since 1980, ADADC had not allocated any funds to the UDIA pools in 1986. This budget change reflected ADADC's increasing reliance on the DPFA pools as its means of promoting dairy products on a national level.

WISCONSIN MILK MARKETING BOARD

Prior to 1983, Wisconsin had a voluntary dairy promotion program that was operated by the American Dairy Association of Wisconsin. The ADA of Wisconsin was an independent organization, having withdrawn from the national American Dairy Association (ADA) in 1970 when the United Dairy Industry Association (UDIA) was formed. In 1979, the organization's income was approximately \$1.7 million, with only 25 percent of Wisconsin's dairy producers contributing one-third of 1 percent of their gross milk checks.¹

Due in part to many of the same factors that were prompting the call for a mandatory, nationwide dairy promotion program, Wisconsin dairy industry leaders also recognized a need for a stronger state-level program. In 1982 the state's major farm organizations, under the leadership of Wisconsin's Department of Agriculture, Trade and Consumer Protection, joined together to revise the statutes governing marketing orders. Unlike previous attempts to establish a mandatory dairy promotion program in the state, the Milk Marketing Order was passed by Wisconsin dairy producers in 1983.² The objectives of this order, which are similar to most other dairy promotion orders, are "to expand and maintain domestic sales of milk and dairy products, develop new products and new markets, improve methods and practices related to marketing or processing of milk and dairy products and inform or educate consumers."³

¹Stavins and Forker, Dairy Promotion in New York State, 1963-1979, Cornell University, September 1979, p. 189.

²Wisconsin dairy producers had decisively defeated referenda on mandatory promotion orders on three previous occasions.

³Wisconsin Milk Marketing Order, S. Ag. 144.06 of the Wisconsin Administrative Code, July 1983.

Funds collected under the order may be used for advertising and promotion, market research and development, industrial research, and educational programs.

The Milk Marketing Order establishes a marketing board to administer the order, which in June 1983 formally became the Wisconsin Milk Marketing Board, Inc. (WMMB). The order requires each Wisconsin dairy producer to pay 5 cents per cwt. to the WMMB on all milk sold to or marketed by a handler. Of the remaining 10 cents per cwt. of the 15 cent per cwt. nationwide, mandatory assessment, 5 cents per cwt. must go to the National Dairy Promotion and Research Board (NDPRB). The third 5 cents per cwt. (referred to by the WMMB as the "middle nickel") also goes to the NDPRB unless Wisconsin producers tell their dairy plant to send it to the WMMB.

In March 1984, the WMMB became a member organization of the UDIA, the first time Wisconsin dairy producers were formally affiliated with UDIA since its founding in 1971. WMMB currently has the greatest number of delegates in UDIA's House of Delegates, and WMMB's 1985-86 president also serves as second vice chairman of Dairy Research, Inc. (DRINC). The WMMB is recognized by the NDPRB as a qualified promotion organization.

WMMB's Internal Structure

The Wisconsin Milk Marketing Board consists of 25 dairy producers, one from each of the 25 districts specified in the order. Board members are nominated and elected by the dairy producers in their respective districts. If no nominations are made by producers in a particular district, the WMMB or the secretary of the state's Department of Agriculture, Trade and Consumer Protection may nominate a producer. Members of the first board of directors were elected to either a one-, two-, or three-year term of office. All other elections to the marketing board are for three-year terms. Therefore, one-third of the board members are subject to election every year.

The WMMB has four committees--executive, education, research, and market development--that match the organization's main program areas. The executive committee acts as the board's budget and finance committee and supervises the activities of the general manager. The other three committees review funding requests for each of their program areas.

In 1986, WMMB's general manager supervised a staff of 25 persons. The organization's office is located in Madison. Appendix 27 lists the officers, management, and program directors of the WMMB.

WMMB's Income and Expenditures

In its first fiscal year (1983-84), the WMMB derived almost all of its revenues from the five cents per cwt. contribution mandated by Wisconsin's Milk Marketing Order. During fiscal year two, the WMMB began collecting an additional five cent per cwt. voluntary contribution from

the state's dairy farmers as allowed by the Dairy and Tobacco Adjustment Act of 1983. By July 1986, dairy farmers producing nearly 56 percent of the state's milk had chosen to contribute the additional five cent per cwt. assessment to the WMMB rather than have these monies go to the National Dairy Promotion and Research Board. These voluntary assessment revenues account primarily for the 58-percent increase in total revenues in fiscal year two (1984-85). Total revenues for fiscal year three (1985-86) were \$18.9 million, a 10-percent increase over the previous year (Table 8.1).

WMMB's total expenditures increased dramatically during its first three years. Fiscal year three's \$21.7 million expenditure represents a 460-percent increase over fiscal year one's \$3.9 million expenditure. This increase was due to two factors: the additional revenue generated by the Dairy and Tobacco Adjustment Act of 1983 permitted larger expenditures, and a substantial fund balance carryforward generated during fiscal years one (\$7.1 million) and two (\$1.3 million) was partially spent in fiscal year three (Table 8.1).

The program area receiving the largest budget allocation by far is market development (Table 8.2). Since 1983-84, market development expenditures have accounted for over two-thirds of WMMB's total expenditures. WMMB's research program has since 1984-85 received the second largest share of funds. The shares of the budget allocated to the public relations and education program areas have varied little during WMMB's first three years. The only program area whose share of the budget has decreased significantly has been administration (from 17.6 percent in 1983-84 to 3.2 percent in 1985-86). This drop is due to the rapid rise in WMMB's total expenditures and a relatively small increase in dollar expenditures for administration.

WMMB's Promotional Program

The WMMB has three major program areas--market development, education, and research. A discussion of the key activities in each of these program areas follows.

Market Development

Since almost three-fourths of the milk produced in Wisconsin is used by the state's cheese industry, the primary focus of WMMB's advertising and sales promotion activities is on Wisconsin cheese.⁴ In 1985-86, approximately 70 percent of the board's consumer advertising funds were used for cheese ads.

Cheese. The WMMB aired its own Wisconsin cheese commercials in its spot television advertisements in 20 metropolitan markets throughout the U.S. The board's 1985-86 cheese advertising campaign featured the slogans "Mmmm Wisconsin...The Cheese More People Choose" and "Vote

⁴Wisconsin Milk Marketing Board, 1986 Annual Report, Madison, WI.

TABLE 8.1 WISCONSIN MILK MARKETING BOARD REVENUES AND EXPENDITURES, 1983-86^a

	1983-84	1984-85	1985-86
		<u>Dollars</u>	
REVENUES			
Assessment revenue	\$10,620,364	\$16,173,546	\$18,063,496
Interest	288,243	985,387	774,271
Other	<u>32,370</u>	<u>105,935</u>	<u>71,734</u>
Total revenues	\$10,940,977	\$17,264,868	\$18,909,501
EXPENDITURES			
Administration	\$ 680,831	\$ 896,439	\$ 698,349
Public relations	138,377	434,086	758,913
Education	300,308	1,230,056	1,852,496
Research	132,478	2,346,846	2,357,519
Market development	<u>2,622,415</u>	<u>11,046,213</u>	<u>16,015,662</u>
Total expenditures	\$ 3,874,409	\$15,953,640	\$21,682,939

SOURCES: Annual Report, Wisconsin Milk Marketing Board, 1984, 1985, and 1986.

^aWMMB's fiscal year is July 1 to June 30.

TABLE 8.2 WISCONSIN MILK MARKETING BOARD EXPENDITURES, 1983-86^a

	1983-84	1984-85	1985-86
		<u>Percent</u>	
Administration	17.6	5.6	3.2
Public relations	3.4	2.7	3.5
Education	7.8	7.7	8.5
Research	3.4	14.7	10.9
Market development	67.7	69.2	73.9
Total expenditures ^b			
Percent ^c	100.0	100.0	100.0
Dollars	\$3,874,409	\$15,953,640	\$21,682,939

SOURCES: Annual Report, Wisconsin Milk Marketing Board, 1984, 1985, and 1986.

^aWMMB's fiscal year is July 1 to June 30.

^bThe unallocated reserve expense is not included in the total expenditure figure.

^cColumns may not add to 100 percent due to rounding error.

Wisconsin," which complemented the national "Vote for the Perfect Cheeseburger" sales promotion. These themes were featured in consumer-directed television and radio ads. The marketing program also included merchandising, point-of-purchase materials, and other support programs designed for retail store operators.

The WMMB developed a separate cheese promotion program for the foodservice industry. Beginning in May 1985, the board purchased national print advertising space in foodservice trade journals to communicate the advantages of using "REAL" Wisconsin cheese in many of the foods sold by foodservice establishments.

Fluid Milk. In 1985-86, the WMMB supplemented the NDPRB's network media fluid milk ads by purchasing spot television and radio ads in Wisconsin and Chicago, its major fluid milk markets. Unlike its cheese campaign that was designed specifically to promote the Wisconsin product, the board used the national theme, "Milk. America's Health Kick," in its fluid milk spot advertisements.

Butter and Other Manufactured Products. The WMMB contributed to the UDIA and Dairy Promotion Federation Association (DPFA) pools in 1985-86 to promote butter, ice cream, and other manufactured products.

Education

The WMMB's education program is carried out in large part by the two Dairy Council units it supports: the Dairy Council of Wisconsin, Inc., and the Dairy Nutrition Council, Inc. (DNCI). The WMMB is the major contributor to both of these organizations. In 1985-86, the Dairy Council of Wisconsin received \$597,100 and DNCI \$900,000 from the WMMB. The Dairy Council of Wisconsin serves the state of Wisconsin, with offices in Milwaukee, Appleton, Madison, and Eau Claire. DNCI operates in 17 counties in northern Illinois (including Chicago) and Lake County, Indiana.

Besides cooperating with these two Dairy Councils, the board's education committee is responsible for communicating with dairy farmers on product marketing and promotion and for distributing nutrition information on dairy products. In 1985-86, programs such as June Dairy Month, World Dairy Expo, and Dairy Days were designed to meet these two objectives. The WMMB also operates a consumer information service.

Research

WMMB's 1985-86 research program focused on three general areas: nutrition research, product/process research, and economic/planning research. Most of WMMB's research monies in 1985-86 were spent on projects under direct contract with the board. WMMB also jointly sponsored research with the UDIA and the NDPRB, and maintained a comanagement agreement with the National Dairy Council to provide assistance and support services for its nutrition-research program.

THE FAR WEST: CALIFORNIA, OREGON, AND WASHINGTON

In 1979, the 20 member organizations of the United Dairy Industry Association (UDIA) were operating in 42 states. Dairy farmers in seven other states--Wisconsin, South Carolina, Arizona, California, Oregon, Washington, and Nevada--were represented by organizations not affiliated with UDIA. By 1986, the Wisconsin, South Carolina, and Arizona¹ organizations had joined the UDIA. The far western groups, however, remained independent. These organizations--the California Milk Producers Advisory Board, the Oregon Dairy Products Commission, and the Washington Dairy Products Commission--are collectively known as COW Dairymen, Inc.²

COW Dairymen, Inc.

Since 1970, the California, Oregon, and Washington dairy promotion organizations have participated in cooperative media advertising and in-store promotion activities. The promotion organizations in these three states as well as Nevada currently make West Coast network buys of television advertising time at substantial savings over local market TV

¹Prior to 1981, when the United Dairymen of Arizona rejoined the UDIA, this agency participated in the COW group as an "affiliate" member. It had a contract with the California Milk Producers Advisory Board allowing it to purchase California's TV and radio advertisements, and it had the option to purchase materials and services from any of the COW organizations.

²Producers in the state of Nevada are represented by the Nevada Farm Bureau Dairy Producers' Committee, which is recognized by the NDPRB as a qualified promotion organization. This organization is an affiliate member of COW Dairymen.

rates. Of the \$1.5 to \$2.0 million allocated each year by the COW Dairymen organizations for regional advertising, approximately 95 percent is spent on fluid milk ads and the remainder primarily on cheese ads. The COW Dairymen board, which consists of four members from the California Milk Producers Advisory Board, two members from the Oregon Dairy Products Commission, and two members from the Washington Dairy Products Commission, meets several times each year to oversee these cooperative efforts.

COW Dairymen's advertising agency, McCann-Erickson of San Francisco, is responsible for the National Dairy Promotion and Research Board's (NDPRB) children's fluid milk and dairy foods value/calcium campaigns, and the NDPRB's young adults' fluid milk campaign on the West Coast. The COW Dairymen organizations were part of the Dairy Promotion Federation Association (DPFA).³

California

Two organizations are responsible for California's generic dairy promotion and research programs: the California Milk Producers Advisory Board (CMAB) and the California Manufacturing Milk Producers Advisory Board (CMMAB). Both are established by statewide marketing orders, with CMAB funded by assessments on all milk sales by Grade "A" dairymen and CMMAB likewise funded by Grade "B" dairymen. Although the CMAB and the CMMAB have separate funding, programs, and boards of directors, they share the same administrative staff and offices.

California Milk Producers Advisory Board

The CMAB was formed on December 1, 1969⁴ by a statewide order that requires all market milk (Grade "A") producers and producer-handlers to pay an assessment on their gross receipts. The original assessment, 0.5 percent of gross receipts, was increased to 1 percent in mid-1971. The assessment rate remained at that level until May 1984, when it was changed to the national Dairy Promotion and Research Order's 10 cent per cwt. maximum. One percent of gross receipts in 1984 equaled 13.5 cents per cwt. The CMAB was therefore forced to reduce its assessment rate under the national order.

CMAB's Internal Structure. The CMAB has 25 producer members and one public member, each serving three-year terms. Members are appointed to the board by California's Director of Agriculture, who in turn bases

³See Chapters 2 and 4 for more information on the advertising programs of the NDPRB and the DPFA.

⁴California Department of Food and Agriculture, Bureau of Marketing, Marketing Order for Research, Education, and Promotion of Market Milk and Dairy Products in California, Sacramento, CA, December 1, 1969.

TABLE 9.1 CALIFORNIA MILK PRODUCERS ADVISORY BOARD REVENUES AND EXPENDITURES, 1985 AND BUDGETED 1986

	1985		1986	
	\$(000)	%	\$(000)	%
REVENUES^a				
Assessments	13,442 ^b	99	16,532	98
Interest income	66	.5	60	.5
Administrative fee				
from Manufacturing Board	25	.5	25	.5
Coteri assessments	-	-	240	1
Total revenues	13,533	100	16,857	100
EXPENDITURES				
Salaries and wages	723	5	790	5
Services and expenses	659	4	763	4
Program				
Fluid milk	8,453	59	8,499	49
Manufactured products	3,364	23	5,250	31
Research and product development	377	3	750	4
University of California research	187	1	212	1
Communication services	297	2	475	3
Marketing services	148	1	212	1
COW administration and travel	25	.5	40	.25
DPFA administration and travel	41	.5	40	.25
Total program expenses	12,982	90	15,559	90
Equipment purchases	53	.5	50	.25
State of California				
departmental charges	49	.5	53	.25
Total expenditures	14,466	100	17,215	100

SOURCES: California Milk Producers Advisory Board, "Budget vs. Actual for Calendar Year January 1, 1985 through December 31, 1985," and "Amended Budget for Calendar Year January 1, 1986 through December 31, 1986 as of May 30, 1986."

^aDoes not include previous year's balance.

^bThe 1985 assessments cover only the March to December period due to a change that year in CMAB's accounting procedures.

his or her decisions on nominations made by producers in 11 state districts. The director of the CMAB may, upon the board's recommendation, appoint one affiliate member to represent, without vote, Nevada dairy producers. Nevada producers, however, are currently not represented on the CMAB. The CMAB oversees a professional staff of 19 persons. Its main office is located in Modesto, with a branch office in San Francisco.⁵

Income and Expenditures. CMAB's 1985 revenues were \$13.5 million, 99 percent of which were assessment revenues (Table 9.1). Program activities accounted for 90 percent (\$13.0 million) of CMAB's total 1985 expenditures. Chief among its program areas was fluid milk (\$8.5 million) and manufactured products (\$3.4 million) advertising and sales promotions. CMAB spent \$564,000 on research.

Program Activities. In 1985, CMAB spent approximately 70 percent of its advertising expenditures on fluid milk advertising, 25 percent on manufactured products (mostly cheese advertising), and 5 percent on sales promotions. CMAB uses the McCann-Erickson advertising agency to produce its fluid milk campaign and the Foote Cone and Belding agency to create its manufactured products campaigns. CMAB's 1985 cheese campaign, featuring the theme "Say Cheese," used award-winning television and radio ads, outdoor billboards carrying the slogan "Cheese as Natural as California," and an in-store supermarket sampling program.

The Board committed 4 percent of its 1985 budget to product/process research. New products that have been developed with CMAB funding are Vital 15 milk, Coteri, and milk-based soups. Vital 15 milk is a low-calorie, high-calcium milk beverage containing 15 nutrients essential to adult women. Coteri is a new dairy spread with 50 percent less fat and 40 percent fewer calories than margarine. Both products have been market tested and were expected to be widely distributed in 1986. Campbell's soup company has developed five ready-to-serve, milk-based soups based on research initiated by the CMAB.

In cooperation with DRINC and the NDPRB, CMAB funded a project to demonstrate ultrafiltration on a commercial-size dairy farm in Lodi, California from 1984 to 1986. The CMAB is also financing research at the University of California at Davis on the breeding and feeding of dairy cows in an effort to influence the components of milk.

California Manufacturing Milk Producers Advisory Board

The CMMAB was formed in April 1970. It receives its funds from all manufacturing milk (Grade "B") producers, who are required by the state

⁵The addresses of the California, Oregon, and Washington organizations are provided in Appendix 4.

TABLE 9.2 CALIFORNIA MANUFACTURING MILK PRODUCERS ADVISORY BOARD
REVENUES AND EXPENDITURES, 1985 AND BUDGETED 1986

	1985		1986	
	\$ (000)	%	\$ (000)	%
REVENUES^a				
Assessments	423 ^b	96	550	96
Interest income	<u>19</u>	<u>4</u>	<u>20</u>	<u>4</u>
Total revenues	442	100	570	100
EXPENDITURES				
Per diem board	3	1	4	1
Services and expenses	45	12	53	7
Program				
Advertising	296	81	588	81
Miscellaneous	<u>--</u>	<u>--</u>	<u>60</u>	<u>8</u>
Total program expenses	296	81	648	89
State of California				
departmental charges	<u>21</u>	<u>6</u>	<u>25</u>	<u>3</u>
Total expenditures	365	100	730	100

SOURCES: California Manufacturing Milk Producers Advisory Board, "Budget vs. Actual for Calendar Year January 1, 1985 through December 31, 1985," and "Manufacturing Board Proposed 1986 Budget."

^aDoes not include beginning cash balance.

^bThe 1985 assessments cover only the March to December period due to a change that year in CMMAB's accounting procedures.

marketing order to pay an assessment on their gross receipts.⁶ The original assessment, 0.5 percent, was increased to 1 percent of gross receipts in early 1984. The assessment was again changed in May 1984, when the national order's 10 cent per cwt. maximum went into effect.

CMMAB's Internal Structure. The CMMAB has 12 producer members and one public member who are appointed by California's Director of Agriculture based on nominations made by producers in six state districts. Each CMMAB member serves for three years.

Income and Expenditures. CMMAB's 1985 income was \$442,000, or 3 percent of CMAB's 1985 income. Almost all (96 percent) of CMMAB's income came from assessment revenues (Table 9.2). CMMAB's chief expenditure is advertising. In 1985, CMMAB spent \$296,000, or 81 percent of its expenditures, to advertise manufactured dairy products.

Oregon Dairy Products Commission

The Oregon Dairy Products Commission (ODPC) was established in 1943. In 1970 the ODPC began promotion programming using the assessments mandated by Oregon's newly enacted Agricultural Marketing and Warehousing Act.⁷ The original assessment was 1 percent of the gross farm gate income from all classes of milk sold. On July 1, 1979, this assessment was increased to 1.1 percent--the highest assessment in the U.S. In May 1984, the dairy assessment rate was reduced from 1.1 percent (or approximately 14.7 cents per cwt.) to 10 cents per cwt., the maximum allowed by the national Dairy Promotion and Research Order.

Internal Structure of the ODPC. The Oregon Dairy Products Commission has seven members: six dairy producers and one dairy processor. ODPC members are nominated by industry groups and appointed by Oregon's State Director of Agriculture. Each member serves for three years and may not serve more than two consecutive terms. The ODPC has a professional staff of 14 persons. Its office is located in Portland, Oregon.

ODPC Income and Expenditures. ODPC's 1985-86 total revenues were \$1.7 million, of which 87 percent came from producer assessments (Table 9.3). Its primary expenditure was advertising space and production (\$725,000 or 43 percent of its total expenditures). The ODPC currently allocates approximately 75 percent of its advertising funds to fluid milk advertising. It has developed its own local market fluid milk campaign. This campaign, "Milk. Fast Food for Busy Adults,"

⁶California Department of Food and Agriculture, Marketing Branch, Marketing Order for Manufacturing Milk and Dairy Products in California, Sacramento, CA, April 1, 1970.

⁷State of Oregon, Agricultural Marketing and Warehousing Act, Title 47, Chapter 576. This act provides for 18 other commodity commissions.

TABLE 9.3 OREGON DAIRY PRODUCTS COMMISSION INCOME AND EXPENDITURES,
1985-86^a

INCOME		
Beginning cash balance	\$ 358,736	
Revenues		
Producer assessments	1,500,000	87%
Processor assessments	92,000	5
Other income	110,000	6
Interest	30,000	2
Total revenues	<u>1,732,000</u>	<u>100%</u>
Total available for fiscal year 1985-86	\$2,090,736	
EXPENDITURES		
Personnel services	\$ 386,250	23%
Materials/supplies	142,000	8
Capital outlay	10,986	1
Special payments		
Advertising space & production	725,200	43
Merchandising	67,700	4
Display/exhibits	9,500	1
Special promotions	8,000	1
Uncommitted market development	175,000	10
Research	2,000	--
Food technology development	6,000	--
Nutrition education	125,000	7
Other special payments ^b	33,100	2
Total special payments	<u>1,151,500</u>	<u>68</u>
Total expenditures	\$1,690,736	100%
Ending cash balance	\$ 400,000	

SOURCE: Oregon Dairy Products Commission.

^aODPC's fiscal year is July 1 to June 30.^bOther special payments included foodservice, consumer material, producer participation, Dairy of Honor program, sales meetings, Dairy Princess, and publicity.

positions milk as a food (as opposed to a beverage) and as a nutritious substitute for skipped meals. ODPC has targeted its fluid milk campaign at adults 35 to 50 years old and aired its ads during the morning news, afternoon, and early and late fringe day parts. ODPC's campaign is therefore targeted at a different audience and aired during different day parts than both the NDPRB and COW fluid milk advertising campaigns.

Washington Dairy Products Commission

The Washington Dairy Products Commission (WDPC) was established by state law in 1939. The WDPC receives its funds from mandatory assessments on all milk produced in the state of Washington. This law requires all producers, dealers, and producer-dealers in Washington to pay an assessment to the WDPC. The assessment paid by producers is based on the Class I price for 3.5-percent butterfat milk as established in the Puget Sound marketing area. This assessment was 0.8 percent from 1977 to March 1983 and 1 percent (approximately 14.4 cents per cwt. in April 1983) from April 1983 to April 1984. From May 1984 to June 1985 the WDPC issued a temporary assessment rate (around 0.75 percent) every 30 days that approximated the 10 cent per cwt. maximum allowed by the national Dairy Promotion and Research Order. The state law was amended in July 1985 permitting the WDPC to vary the assessment rate monthly so long as the rate does not exceed 1 percent of the Class I price nor 10 cents per cwt. The 1986 assessment rates varied between .76 and .78 percent of the Class I price. As a result of the reduction in WDPC's assessment rate, 1985 producer receipts were 17 percent lower than 1983 receipts.

Dealers and producer-dealers pay a mandatory assessment of three-fourths of one cent per cwt. on Class I or Class II milk sales. State law requires the WDPC to allocate these dealer assessments (education assessment receipts) to the Washington State Dairy Council. (The WDPC also allocates a portion of its producer assessments to the Dairy Council. See Table 9.4.)

Internal Structure of the WDPC. The WDPC is composed of nine members: one from each of the seven districts specified by the state law, one dealer, and one producer-dealer. The seven producers are nominated and elected by the producers in their respective districts. The dealer and producer-dealer are appointed by Washington's Director of Agriculture, who serves on the WDPC as an ex officio member without vote. Each member serves for three years, with one-third of the members subject to change each year. The WDPC oversees a professional staff of seven persons. Its office is located in Seattle, Washington.

WDPC Income and Expenditures. The WDPC's 1985 income was \$4.1 million, of which 93 percent came from producer assessments (Table 9.4). WDPC's major expense was advertising, with the commission allocating 67 percent of its total expenditures, or \$3.0 million, to advertising in 1985. Slightly over two-thirds of the \$3.0 million was spent on local market (consumer) advertising in the state (Table 9.5). The WDPC also participated in a COW tri-state network TV buy and the DPFA pools.

TABLE 9.4 WASHINGTON DAIRY PRODUCTS COMMISSION INCOME AND EXPENDITURES, 1985

INCOME		
Producer assessment receipts	\$3,804,488	93%
Education assessment receipts	122,993	3
Interest income	108,970	3
Other income	<u>46,649</u>	<u>1</u>
Total income	\$4,083,100	100%
EXPENDITURES		
Advertising	\$3,013,755	67%
Merchandising	300,073	7
Public relations	235,773	5
Foodservice	66,650	1
Nutrition education	539,993	12
Research/market development	150,720	3
Promotion events	1,695	-
COW/DPFA administrative expense	25,935	1
Administration	<u>170,619</u>	<u>4</u>
Total expenses	\$4,505,213	100%

SOURCE: Washington State Dairy Products Commission, "Cash Receipts and Disbursements, Period Ended December 31, 1985," Seattle, WA.

TABLE 9.5 WASHINGTON DAIRY PRODUCTS COMMISSION ADVERTISING EXPENDITURES, 1985

Consumer advertising, Washington		
Television	\$1,002,717	33%
Radio	859,878	29
Outdoor	209,482	7
Misc. publications	<u>394</u>	<u>-</u>
Total consumer advertising	\$2,072,471	69%
Tri-State TV, Washington	226,323	8%
DPFA pools	169,133	6
Consumer advertising, Oregon	178,000	6
Production	191,111	6
Special promotions	164,717	5
Services and materials	<u>12,000</u>	<u>-</u>
Total advertising expenditures	\$3,013,755	100%

SOURCE: Washington State Dairy Products Commission, "Cash Receipts and Disbursements, Period Ended December 31, 1985," Seattle, WA.

Television is WDPC's main advertising medium, and fluid milk is the primary product featured. In 1985, all of its consumer advertising and most of its DPFA and tri-state TV buys were allocated to fluid milk.

WDPC's 1986 fluid milk media advertisements used a humorous theme, "CoMoody Farm." Local comedians were featured in the ads. In-store supermarket mobiles used the WDPC-created theme, "Be Good to Your Bones, Drink Milk." WDPC's advertising agency is Ehrig and Associates of Seattle.

ADVERTISING AND PROMOTION AGENCIES UNDER FEDERAL MILK MARKETING ORDERS

On January 11, 1971, the Agricultural Marketing Agreement Act of 1937 was amended so that dairy producers could develop advertising and promotion programs within the framework of the federal milk order program.¹ This amendment authorizes federal orders to establish research and development projects, and advertising (excluding brand advertising), sales promotion, educational, and other programs that are designed to improve or promote the domestic consumption of milk and other dairy products.²

Each advertising and promotion program obtains its funds through an assessment on all milk that an order's producers deliver to the market each month. Participation in the program is voluntary. Prior to 1984, any producer not wanting to participate in the program could obtain a refund of the promotion assessment (the "ask-out provision") by submitting a written request to the market administrator. Producers who were required by state law to pay an assessment for advertising and promotion were also allowed to receive a refund.

With the implementation of the national Dairy Promotion and Research Order in 1984, the refund provisions of the federal milk orders with advertising and promotion programs were amended. Producers may no longer receive refunds, but may request that the market administrator send their assessments to the National Dairy Promotion and Research

¹Information provided in this chapter is from the USDA's Federal Milk Order Market Statistics, and Stavins and Forker, Dairy Promotion in New York State, 1963-1979, pp. 127-132.

²United States Agricultural Marketing Agreement Act (1937), amended by Public Law 91-670, 91st Congress, S. 1181, January 11, 1971.

Board (NDPRB) or to a qualified state or regional program other than their federal order advertising and promotion agency.³

The membership of each advertising and promotion agency is apportioned between cooperative members and nonmembers participating in the federal order program based on their total participation in the market. Each agency is responsible for developing programs and plans, and spending the assessment funds collected under its order. An advertising and promotion agency may fund other qualified promotion organizations as long as they meet the order's provisions.⁴

All programs and plans developed by an advertising and promotion agency are subject to review and approval by the U.S. Department of Agriculture. The market administrator audits each agency's books and records as well as any organization receiving funds from an agency.

Number of Advertising and Promotion Agencies Since 1971

The first advertising and promotion agency became effective in April 1972 under the Middle Atlantic Order. Since then, 24 other federal orders established agencies (Table 10.1). Mergers and terminations resulted in 16 agencies at the beginning of 1979, 6 agencies at the beginning of 1980, and 5 agencies in April 1985. These five federal orders are Eastern Ohio - Western Pennsylvania, Greater Kansas City, Indiana, Middle Atlantic, and Nebraska-Western Iowa (Figure 10.1). The five advertising and promotion agencies operating in these orders are considered qualified promotion organizations by the National Dairy Promotion and Research Board.

Producer Participation

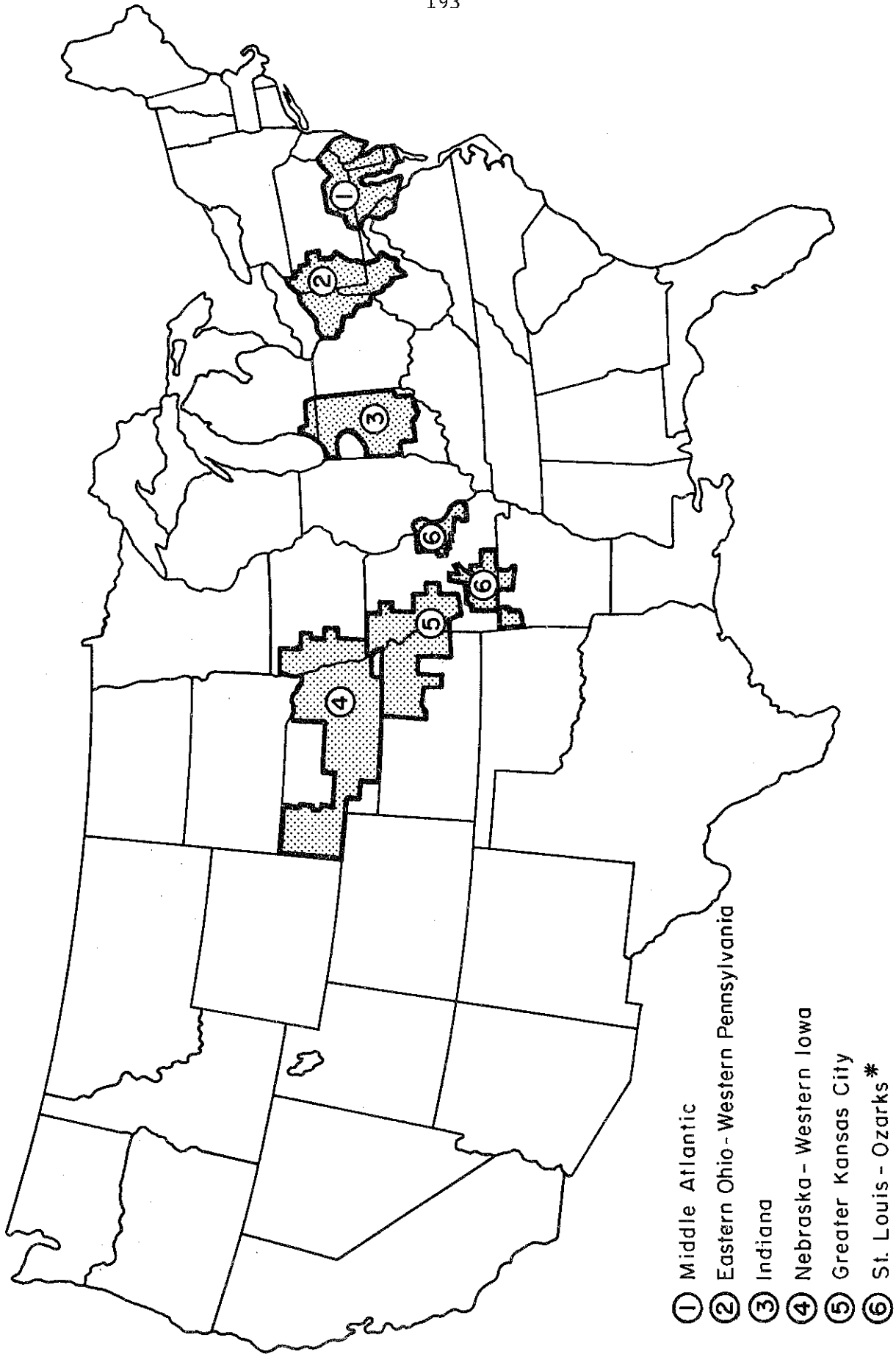
Producer participation in the six advertising and promotion agencies in existence from 1979 to 1985 (the St. Louis-Ozark agency terminated on April 1, 1985) has generally increased since the implementation of the national Dairy Promotion and Research Order in 1984. Producer participation in 1985 for all six orders combined was at its highest level during this seven-year period (Table 10.2). In 1985, 87 percent of the producers in these six orders were contributing assessments to their advertising and promotion agency.⁵ The lowest participation rate, 75 percent, occurred in 1983. The Greater Kansas City Federal Order

³Chapter 2 defines a qualified program, and Appendix 4 lists the 84 qualified dairy promotion programs in the U.S. in 1986.

⁴See the section on the Mid East UDIA in Chapter 6 for an example of a regional promotion program receiving funds from an advertising and promotion agency.

⁵Producers who are subject to deductions under a state law are not considered as participating.

FIGURE 10.1 FEDERAL ORDERS WITH ADVERTISING AND PROMOTION AGENCIES, 1985



*Terminated April 1, 1985

TABLE 10.1 ADVERTISING AND PROMOTION PROGRAMS IN FEDERAL MILK ORDERS, 1972-1985

Federal Milk Order	Program Effective Date ^a	Program Termination Date
Central Arkansas	January 1973	December 1979
Central Illinois	April 1973	June 1973
Chicago Regional	October 1972	April 1973
Eastern Ohio-Western Pennsylvania	July 1973	*Still in effect
Fort Smith	January 1973	December 1979
Greater Kansas City	April 1973	*Still in effect
Indiana	October 1972	*Still in effect
Lubbock-Plainview	January 1973	December 1979
Memphis	January 1973	December 1979
Middle Atlantic	April 1972	*Still in effect
Nebraska-Western Iowa	April 1973	*Still in effect
Neosho Valley	January 1973	July 1978
Oklahoma Metropolitan	January 1973	December 1979
Red River Valley	January 1973	December 1979
Rio Grande Valley	January 1973	December 1979
St. Louis - Ozarks	April 1973	April 1985
Southern Illinois	April 1973	June 1973
Texas ^b	July 1975	December 1979
Texas Panhandle	January 1973	December 1979
Wichita	January 1973	December 1979

SOURCES: United States Department of Agriculture, Agricultural Marketing Service, Dairy Division, Federal Milk Order Market Statistics for February 1980, FMOS-242, May 1980; _____, Federal Milk Order Market Statistics for January 1986, FMOS-313, May 1986.

^aMonth and year when assessment on marketings began.

^bFive Texas programs were effective January 1973 and one Texas program was effective July 1973. These six programs merged into the Texas Order program in July 1975.

TABLE 10.2 PRODUCER PARTICIPATION IN THE ADVERTISING AND PROMOTION PROGRAMS, 1979-1985

Federal Milk Order	Average Participation Rate (%) ^a						
	1979	1980	1981	1982	1983	1984 ^b	1985
Eastern Ohio- Western Pennsylvania	80	76	78	77	74	84	86
Greater Kansas City	89	87	87	89	88	94	100
Indiana	85	85	83	84	85	92	92
Middle Atlantic	86	84	76	66	64	74	81
Nebraska-Western Iowa	79	78	75	78	78	86	95
St. Louis-Ozarks	<u>82</u>	<u>80</u>	<u>80</u>	<u>81</u>	<u>81</u>	<u>93</u>	<u>99</u> ^c
All orders combined	84	81	79	76	75	84	87

SOURCES: United States Department of Agriculture, Agricultural Marketing Service, Dairy Division, Federal Milk Order Market Statistics, May 1980, May 1981, February 1982, May 1983, October 1984, July 1985, May 1986.

^aAverage of participation rates in the year's four quarters, rounded to the nearest percent.

^bNational Dairy Promotion and Research Order effective May 1984.

^cCovers only the first quarter of 1985 due to the program's termination in April 1985.

maintained the highest rate between 1979 and 1985 (100 percent in 1985), and the Middle Atlantic Order has had the lowest rate since 1982.

Assessment Rates

Assessment rates in the six federal orders were periodically increased between 1979 and 1982, with the Middle Atlantic Order achieving the highest assessment rate--14 cents per cwt.--in 1982 (Table 10.3). In 1984, these orders were amended to provide for an assessment rate of 10 cents per cwt., the maximum allowed by the national Dairy Promotion and Research Order. This amendment affected only the Middle Atlantic Order, causing its assessment rate to drop 4 cents per cwt.

Revenues and Expenditures

Assessment revenue received by the advertising and promotion programs increased through 1983, due primarily to increases in the assessment rates (Table 10.4). Revenue decreased from \$13.3 million in 1983 to \$12.9 million in 1984 to \$12.0 million in 1985. Increased participation rates since 1983 could not overcome the four cent per cwt. reduction in the Middle Atlantic Order's assessment rate and the termination of the advertising and promotion agency in the St. Louis-Ozarks Order.

In 1985, the Middle Atlantic Order accounted for 38 percent of the total payments made to the six advertising and promotion agencies, the Eastern Ohio-Western Pennsylvania Order 27 percent, the Indiana Order 14 percent, the Nebraska-Western Iowa Order 8 percent, the Greater Kansas City Order 7 percent, and the St. Louis-Ozarks Order 6 percent (through March 31, 1985).

The six advertising and promotion agencies have maintained a fairly consistent spending pattern between 1980 and 1985 in all categories except those that are advertising-related (Table 10.5). United Dairy Industry Association (UDIA) dues have accounted for an average of 14 percent of the agencies' expenditures, local Dairy Councils 24 percent, and administrative expenses 2 percent. The considerable variation in the proportions of expenditures made to UDIA local market programs and other local promotion programs is due primarily to changes in the program emphasis of the Middle Atlantic Order's agency. The six agencies in 1985 allocated 50 percent of their budgets to UDIA local market programs (advertising) and 8 percent to other local promotion programs.

Of the \$13.8 million total expenditure of all six orders in 1985, \$12.0 million (87 percent) went to the advertising and promotion agencies, \$1.6 million (11 percent) were refunds paid to other qualified state and regional organizations, \$82,480 (1 percent) were refunds to the NDPRB, and \$96,864 (1 percent) were payments to the market administrator (Table 10.6).

TABLE 10.3 ASSESSMENTS PER HUNDREDWEIGHT BY THE ADVERTISING AND PROMOTION PROGRAMS, 1979-1985

Federal Milk Order	Assessments Per Hundredweight (Date of Change)						
	1979	1980	1981	1982	1983	1984	1985
	<u>Dollars</u>						
Eastern Ohio- Western Pennsylvania	.05	.09 (July)	.10 (July)	.10	.10	.10	.10
Greater Kansas City	.08	.09 (Apr.)	.10 (Apr.)	.10	.10	.10	.10
Indiana	.05	.09 (Apr.)	.10 (Apr.)	.10	.10	.10	.10
Middle Atlantic	.07	.12 (July)	.13 (Jan.)	.14 (Jan.)	.14	.10 (June)	.10
Nebraska-Western Iowa	.08	.09 (Apr.)	.10 (Apr.)	.10	.10	.10	.10
St. Louis-Ozarks	.08	.09 (Apr.)	.10 (Apr.)	.10	.10	.10	.10 ^a

SOURCES: United States Department of Agriculture, Agricultural Marketing Service, Dairy Division, Federal Milk Order Market Statistics, May 1980, May 1981, February 1982, May 1983, October 1984, July 1985, May 1986.

^aProgram terminated April 1, 1985.

TABLE 10.4 PAYMENTS TO THE ADVERTISING AND PROMOTION AGENCIES, 1979-1985

Federal Milk Order	1979	1980	1981	1982	1983	1984	1985
	<u>Thousands of Dollars^a</u>						
Eastern Ohio- Western Pennsylvania	1,247	1,568	2,178	2,521	2,612	2,859	3,222
Greater Kansas City	492	669	807	789	849	768	870
Indiana	725	1,085	1,371	1,322	1,443	1,477	1,670
Middle Atlantic	3,243	4,296	6,002	5,710	5,687	5,160	4,530
Nebraska-Western Iowa	489	627	765	915	942	870	963
St. Louis-Ozarks	<u>1,053</u>	<u>1,546</u>	<u>1,541</u>	<u>1,669</u>	<u>1,745</u>	<u>1,760</u>	<u>775^b</u>
Total	9,757 ^c	9,792	12,664	12,926	13,277	12,894	12,030

SOURCES: United States Department of Agriculture, Agricultural Marketing Service, Dairy Division, Federal Milk Order Market Statistics, May 1980, May 1981, February 1982, May 1983, October 1984, July 1985, May 1986.

^aRounded to the nearest thousand dollars.

^bProgram terminated April 1, 1985.

^cTotal includes payments to advertising and promotion programs made by dairy producers in the 10 other federal milk orders that terminated in 1979.

TABLE 10.5 BUDGET ALLOTMENTS OF THE ADVERTISING AND PROMOTION AGENCIES COMBINED, 1979-1985

Expenditure	1979	1980	1981	1982	1983	1984	1985
				<u>Percent</u>			
UDIA nationwide program	16	15	17	15	14	10	15
UDIA local market programs ^a	41	49	54	23	23	28	50
Local Dairy Council units	34	28	22	22	23	25	25
Other local promotion programs ^a	6	6	5	38	38	36	8
Administrative expense	<u>3</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
Totals ^b	100	100	100	100	100	100	100
	\$10,370,157	\$9,643,911	\$13,032,636	\$13,599,365	\$13,834,493	\$13,528,242	\$12,797,422

SOURCES: United States Department of Agriculture, Agricultural Marketing Service, Dairy Division, Federal Milk Order Market Statistics, May 1980, May 1981, February 1982, May 1983, October 1984, July 1985, May 1986.

^aMajor increases/decreases are due primarily to budget changes made by the advertising and promotion agency in the Middle Atlantic Order.

^bMay not add to 100 percent due to rounding error.

TABLE 10.6 EXPENDITURES OF FEDERAL MILK MARKETING ORDERS FOR ADVERTISING AND PROMOTION, 1985

	Dollars	Percent
EXPENDITURES		
Payments to the a & p agencies	\$12,030,060	87%
Refunds to the NDPRB	82,480	1
Refunds to qualified programs	1,578,654	11
Payments to market administrators for administrative and auditing expenses	96,864	1
Total expenditures	\$13,788,058	100%
ADVERTISING AND PROMOTION AGENCY BUDGETS		
UDIA nationwide program	\$ 1,963,961	15%
UDIA local market programs	6,335,639	50
Local Dairy Council units	3,234,946	25
Other local promotion programs	1,011,233	8
Administrative expense	<u>251,643</u>	<u>2</u>
Total funds budgeted	\$12,797,422	100%

SOURCE: United States Department of Agriculture, Agricultural Marketing Service, Dairy Division, Federal Milk Order Market Statistics for January 1986, FMOS-313, May 1986.

REVIEW OF RESEARCH DIRECTED TOWARD THE EVALUATION OF DAIRY PROMOTION PROGRAMS 1979-1986

Since 1979, considerable funds have been allocated to evaluate the effectiveness of the various programs and activities supported by dairy producer assessments. The United Dairy Industry Association (UDIA), for example, spent approximately \$4.9 million from 1979 to 1985 on market research and evaluation. During its first two years the National Dairy Promotion and Research Board (NDPRB) spent \$2.7 million on its own evaluation efforts. Furthermore, many state and regional dairy promotion organizations sponsor evaluation and market research in their areas, adding even more funds to the overall effort.

These research funds have been spent primarily on evaluations of advertising and nutrition-education programs, with the emphasis on advertising. Researchers at universities and private firms throughout the U.S. have been chiefly responsible for the completion of this research (generally under the supervision of the sponsoring agency). As a result, a large body of research findings and techniques has been created by numerous respected sources.

This chapter briefly reviews the types of evaluation research that have been conducted since 1979 and discusses the usefulness of these research efforts to the administration of the promotion programs. Advertising-related research is presented first (by sponsoring organization), followed by nutrition-education research.

Advertising Research and Evaluation

Advertising evaluation takes place at three levels. First, before the advertising campaign begins, several different methods are used to choose between alternative creations, messages, and commercials so that the best advertisements will be selected and so that their impact will be positive rather than negative. The second level--after the program

is on the air--involves the determination of whether or not the advertising campaign is heard and whether or not it is having the desired impact on the viewer or listener. Tracking studies are used at this level. The third level involves an attempt to determine the impact of the advertising campaign on sales or consumption. Econometric techniques are used when data are available to measure the net effect of the advertising program on sales.¹

The NDPRB and UDIA conduct evaluation research at all three levels. Research conducted at Cornell University for the New York Milk Promotion Advisory Board has been at the third level, since the New York board depends on the UDIA and its advertising agencies to conduct evaluation at the first two levels.²

NDPRB's Program Evaluation Research

The NDPRB allocated \$2.7 million to program evaluation during its first two fiscal years, 1984-85 and 1985-86. These funds were spent on three major research activities: advertising recall (or tracking) studies; development of econometric demand models of specific dairy products; and statistical analyses of split-cable scanner data for certain dairy products.³

Advertising Recall Studies. These studies are designed to answer the question: To what extent are target audiences receiving the messages being delivered by NDPRB's advertising programs? The results are used to evaluate current ad campaigns and to develop new ones.

Surveys have been conducted since October 1984 for the board's fluid milk, cheese, butter, calcium, and ice cream campaigns. Each survey, or "wave," consists of telephone interviews with randomly selected members of each product's target audience. Survey participants are asked questions concerning their awareness and recall of specific advertisements, reactions to advertising messages, beliefs and attitudes towards dairy and other products, and consumption levels of dairy and competing products.

Ad Factors, Inc. of Chicago conducted the first three waves of recall surveys (October 1984, February 1985, May 1985), which were then analyzed by UDIA's marketing and economic research division. During

¹Olan D. Forker, "Evaluation of the Milk Promotion Program," Animal Science Mimeo Series #91, Cornell University, January 1986.

²The New York research effort is the only state-level program described in this chapter. Chapters 8 and 9 provide brief descriptions of the research efforts sponsored by Wisconsin and California dairy producers.

³See the USDA's Report to Congress on the Dairy Promotion Program, July 1, 1985 and July 1, 1986 for more detailed information and results of NDPRB's program evaluation studies.

each wave, questionnaires were administered to 500 persons in each target audience.

Starting in November 1985, the NDPRB reassigned the administration and analysis of the recall surveys to Market Facts, Inc. of Chicago. The surveys were also switched from a "point-in-time" to a "continuous" basis. Following an initial wave of 520 interviews per target audience in November 1985, Market Facts, Inc. now conducts 40 interviews per target audience per week. The questionnaires continue to address the same areas: recall, awareness, reactions, attitudes, and consumption.

Econometric Demand Models for Fluid Milk. In 1984-85, Arthur D. Little, Inc. of Boston (a research firm) was retained to develop an econometric demand model of fluid milk, and to then use that model to measure the effect of generic advertising on fluid milk sales for direct consumption. The model was estimated using pooled time series (monthly) and cross-sectional data from 12 milk market regions (10 federal orders, California, and Virginia).⁴ Historical data were supplied by the UDIA for all regions except California, which were obtained from McCann-Erickson, Inc.

The econometric model was then used to simulate fluid milk consumption levels under three basic scenarios: "no" national or regional advertising programs; "without" the present expanded nationwide program; and "with" the present expanded nationwide program. The simulations indicated that fluid milk advertising expenditures of \$18.5 million by regional organizations would increase sales by about 623 million pounds above levels with "no" advertising. "With" the NDPRB's additional \$15 million advertising program, sales were projected to increase another 129 million pounds in the 12 market areas.

Arthur D. Little was hired in 1985-86 to update the econometric demand model of fluid milk it had developed in 1984-85 and to again measure the effectiveness of the advertising programs for fluid milk. Data from the same 12 milk market regions were used. In this year's analysis, three-fourths of the board's calcium advertising expenditures were added to fluid milk advertising expenditures, which approximated the proportion of emphasis on fluid milk in the board's calcium ads.

Results of the 1985-86 analysis projected that the \$24.2 million spent by regional organizations would increase milk sales by 1,088 million pounds. The additional \$18.1 million spent by the board was estimated to increase sales by another 181 million pounds in the 12 market areas for a total advertising effect of 1,269 million pounds.

⁴The 12 milk market regions were: California (no federal order), Eastern Colorado (F.O. 137), Southeastern Florida (F.O. 13), Georgia (F.O. 7), Great Basin (Utah, F.O. 136), Greater Kansas City (F.O. 64), Southern Michigan (F.O. 40), New England (F.O. 1), Middle Atlantic (F.O. 4), Texas (F.O. 126), Upper Midwest (F.O. 36), and Virginia (no federal order).

Econometric Demand Models for Cheese. In 1984-85, Arthur D. Little developed a preliminary model of cheese demand using time series data provided by Market Research Corporation of America (MRCA), and advertising expenditure and related data provided by UDIA. Additional data had to be developed by Arthur D. Little to meet the data requirements of the econometric model. This preliminary work found that advertising increased cheese consumption. Those involved in the development of the cheese model concluded, however, that the model was not a sufficiently accurate measure of cheese demand and could not be used to calculate quantitative results of the impact of national advertising on cheese purchases.

In 1985-86, the development of econometric time-series models for cheese was turned over to the U.S. Department of Agriculture's (USDA) Economic Research Service (ERS). ERS constructed separate models for natural and processed cheese using data on at-home cheese purchases supplied by MRCA. The models specified that monthly per capita cheese purchases were a function of prices, income, government cheese donations, seasonal and trend factors, and advertising expenditures (adjusted by a media cost index). The effects of cheese advertising were assumed to have a carryover impact on sales for 12 months.

Results generated by the natural cheese model on the effectiveness of advertising were inconclusive. In the processed cheese model, brand advertising was found to function more nearly as generic advertising functions. Therefore, brand and generic advertising expenditures were combined into one variable in the model. Despite this alteration, the model did not detect a significant relationship between advertising and cheese purchases.

The ERS suggests that the data base used for cheese is inadequate for modeling since the data only include cheese for at-home consumption. Data on cheese consumed away-from-home, where sales are increasing, and cheese used as an ingredient in such popular food products as pizza and macaroni are not included in the data base. The ERS found it needed a longer, more complete data series to produce acceptable measures of the effects of cheese advertising.

Statistical Analysis of Split-Cable Scanner Data. In 1984-85 and 1985-86, the NDPRB authorized the collection and analysis of split-cable scanner data to determine whether generic advertising programs for fluid milk, cheese, and butter led consumers to increase their purchases of these products. These data were collected from two groups, or panels, of households with similar pretest purchase patterns, and economic and demographic characteristics. The only major difference between the two panels was that one panel had been exposed to generic dairy product advertising and the other panel had not. Therefore, any significant differences between the dairy product purchases of the two panels were assumed to reflect the effect of advertising.

In 1984-85, split-cable scanner data were collected for fluid milk, cheese, and butter in eight test-market areas.⁵ In 1985-86, data were collected for cheese and butter in one northeastern market area. The test-market areas were communities well saturated with cable TV. In each area, cable TV households were recruited and randomly assigned to either the control panel or the test panel, each comprised of 1,250 households for a total sample size of 2,500. The control panel received no generic milk, cheese, or butter ads; instead, these households were exposed to certain types of public service announcements. At the same time, the test panel received all of the milk, cheese, and butter ads. The weekly purchases of each household were recorded in most areas through scanner technology at participating supermarkets or to a lesser extent through diary-based reporting. Information Resources, Inc. was responsible for supplying the milk data, and Adtel provided the cheese and butter data.

Arthur D. Little was then hired to analyze the split-cable scanner data. In 1984-85, the firm used the repeated measures analysis of variance statistical model to detect any significant differences between the two panels. Results using this statistical procedure were for the most part either inconclusive or not consistent over all market areas.

In 1985-86, Arthur D. Little was again retained to analyze the split-cable scanner data on cheese and butter in one northeastern test-market area. This year's analysis used a two-stage budgeting demand framework using a two-limit Tobit model (the maximum likelihood method was further used to estimate the unknown parameters of the model), rather than the more traditional analysis of variance statistical method. Results were again inconclusive concerning the effect of generic advertising on cheese and butter purchases. Analyses conducted after the test period indicated that the control and experimental groups displayed significant differences in consumption patterns prior to the test and, therefore, were unsuited for direct comparison. Other analyses, however, produced detailed descriptions of the demographic and socioeconomic characteristics of cheese and butter consumers, indicating the importance of targeting advertisements to very specific consumer groups.

1986-87 Program Evaluation Projects. Projects planned for 1986-87 include the development of further fluid milk models by economists at the Universities of Florida and Arkansas. Iowa State University researchers are studying ways to evaluate the dairy calcium program. Cornell University researchers are comparing data sources that are currently available with data needs in an effort to overcome problems that have hampered the NDPRB's program evaluation efforts. The board will also continue to sponsor market pretesting and advertising recall studies of its advertising campaigns.

⁵Four areas for milk (Northeast, Midwest, Southwest, and West Coast), three areas for cheese (Northeast, West Coast, and Southeast), and two areas for butter (Midwest and the Northeast). The test-market areas for butter and cheese in the Northeast were identical.

UDIA's Marketing and Economic Research

UDIA's marketing and economic research (MER) division spent approximately \$4.9 million from 1979 to 1985 on a variety of research projects. Although MER works with each of UDIA's three corporations--American Dairy Association, National Dairy Council, and Dairy Research, Inc.--, most of its research projects focus on the American Dairy Association's (ADA) advertising and promotion programs. MER has three major functions:

1. Provide market information for program development;
2. Diagnose the impact of promotion program materials on their intended audiences as they are produced; and
3. Evaluate the effects of promotion programs as they are implemented.⁶

MER accomplishes these tasks by funding research projects that are carried out for the most part by independent research firms and university researchers. It also purchases data from independent research firms, which often are proprietary and, therefore, cannot be released or published without permission. MER's advertising-and-promotion-related research projects can be grouped into eight general areas. MER's nutrition-education (NDC) evaluation projects are discussed later in this chapter.

Testing and Tracking ADA Advertisements and Promotions. Since 1979, MER has both tested new advertisements and promotions (primarily ADA's fluid milk campaigns) as they were produced and tracked their effectiveness as they were implemented. Advertisements are tested by exposing each ADA-produced commercial (or combinations of commercials) to members of the intended target audience(s). Each person is then questioned extensively about the commercial's message, relevance, appeal, persuasiveness, and other variables. Results of these tests are used to improve new commercials being developed by ADA.

MER also conducts tracking studies to determine the impact of ADA's advertisements. Once the advertising programs are implemented, members of the target audience(s) are periodically interviewed in selected ADA markets to determine their awareness of the campaign, the messages they are receiving, and any attitude and behavioral changes. Results of each "wave" of interviews are then compared to the base-period wave. MER currently collaborates with the NDPRB on program evaluations of ADA's fluid milk (young adults), cheese, butter, and ice cream campaigns.

Relation of Milk Sales to Advertising Levels (the "12-Market Study"). In 1979, MER began a long-range study to measure the relationship of milk sales to advertising levels. The econometric model, developed in the 1970s at Cornell University for its New York studies, is used to calculate the net return to dairy farmers on every

⁶United Dairy Industry Association 1985 Annual Report, p. 19.

dollar invested in fluid milk advertising (see the section on New York/Cornell University research). The study was originally conducted in nine federal milk marketing areas and one state order area, hence its name "the 10-Market Study." In recent years, two additional market areas have been added. Monthly data on fluid milk sales, retail milk and soft drink prices, milk advertising expenditures, consumer incomes, retail food prices, and population have been collected since 1975 and used in the model.

Attitude and Usage Trend Study. This biennial, nationwide study examines consumers' attitudes toward and use of dairy products, their attitudes toward food, nutrition, and the dairy industry, and their lifestyles. The 1984 sample (another study was being conducted in 1986) included 4,045 persons aged 13 and over that were representative of the entire U.S. population. Results from this study are used by UDIA in its program development. Since 1982, the results have also been published and sold to companies in the dairy and food industries, universities, advertising agencies, and research firms.

Beverage Consumption Trends. MER purchases detailed data on the consumption of milk and competitive beverages from an independent research firm's Share-of-Intake Panel (SIP) survey. The data collected by this quarterly SIP survey include volume of consumption for each beverage (each type of milk, carbonated soft drinks, noncarbonated soft drinks, coffee, and tea) by time of day, location, and occasion. MER uses this data to determine and follow beverage consumption trends of consumers by age, sex, family size, income, geographic area, and other demographic variables.

"REAL" Seal Testing and Tracking. MER tests ADA's "REAL" Seal ads as they are produced as well as tracks consumer awareness of the seal. The 1985 wave was the tenth tracking study since 1980, when ADA began the "REAL" Seal program. MER also conducts studies among the retail grocery and foodservice trades to determine their reactions to the seal.

Imitations. In 1979 and 1980, MER, UDIA, and the California Milk Producers Advisory Board cosponsored a study conducted by the Nowland Organization on consumer perceptions of imitation dairy products. Since 1981, MER has collected a comprehensive data base of consumer and trade information about imitation dairy products, focusing on imitation cheese. MER adds to this data base by conducting tracking studies on imitation dairy product usage in both the retail and foodservice marketplaces.

Foodservice Studies. UDIA subscribed in 1979 and 1980 to a \$1 million foodservice industry study that was cosponsored by foodservice companies, suppliers, and the federal government. Results of this study, in which a representative group of U.S. foodservice outlets kept records of their food purchases, were released in 1981.

In recent years, MER has conducted surveys of foodservice distributors to determine their methods of promoting and selling dairy products and the fit of ADA's foodservice promotional programs with their operations. MER conducted an evaluation of the "REAL Pizza Maker"

program among pizzeria operators in 1982. It has also tested print advertisements among foodservice operators and surveyed their usage of real and imitation dairy products. Information collected by these surveys and tests are used by ADA in the development of its foodservice programs.

Targets and Appeals Studies. MER conducts comprehensive consumer studies of specific dairy products to determine which consumer audiences will be the best target audiences for an ADA-produced advertising campaign and what types of advertising appeals will be most effective. A targets and appeals study was conducted for cheese in 1985, and for butter and milk in 1986.

New York State Evaluation Research

A portion of New York Dairy Promotion Order funds has been allocated to research ever since its enactment in 1972. The Department of Agricultural Economics at Cornell University has since conducted numerous research projects funded by the order whose overall purpose is "to facilitate a better understanding of the factors that affect the consumption and sales of milk and dairy products and a better understanding of the various programs possible, planned, or implemented for and on behalf of the dairy farmers."⁷ Research projects conducted by the Department of Agricultural Economics since 1979 can be grouped into three major areas: sales response to generic advertising and promotion programs; development of procedures and guidelines to help determine the optimum spatial and temporal allocation of promotion funds; and factors affecting the consumption of milk and dairy products.⁸

Sales Response to Generic Advertising. In the mid 1970s, a polynomial distributed lag econometric model was formulated to determine the effect of generic advertising on milk sales. This model was first applied to the New York City, Syracuse, and Albany markets and has since been applied, with modifications, to the Rochester (2) and Buffalo (19) markets.⁹

In the early 1980s, research focused on obtaining current estimates of fluid milk sales response to generic advertising and improving the econometric model. A 1981 study examined three alternative econometric

⁷Cornell University Agricultural Experiment Station (Agricultural Economics) Hatch Project No. 427 (Revised 1984).

⁸See Stavins and Forker, Dairy Promotion in New York State, 1963-1979, pp. 118-125, for a description of research projects conducted at Cornell University from 1972 to 1979.

⁹A list of the publications that have resulted from the Cornell University research program carried out on behalf of the New York Milk Promotion Advisory Board is provided in Appendix 28. Numbers in parentheses correspond to numbers in that list.

procedures: the Unrestricted Ordinary Least Squares (OLS), Shiller, and Almon statistical techniques (10). This study concluded that the Unrestricted OLS procedure was superior to the Shiller and Almon procedures.

In 1982, three new variables were incorporated into the econometric sales response model: racial composition, age structure, and coffee prices. When applied to the New York City market, this altered model found the increase in fluid milk sales attributable to advertising to be two to three times greater than previous estimates (13).

Research on the Buffalo market in 1983 examined how different results can be obtained by using different functional forms to estimate the sales response to advertising (19). The estimated return for the Buffalo market was \$14 on each \$1 spent on media advertising, a greater and more elastic response than had been observed in the New York City, Albany, Syracuse, and Rochester markets.

The econometric demand model for fluid milk continues to be applied to market areas in New York using updated data. The results of this sales response research are then used by the New York Milk Promotion Advisory Board to more efficiently allocate its advertising funds among New York's major markets.

A cheese demand model was formulated in 1984 and applied to the New York City market (28). This model not only measured the sales response to generic cheese advertising, but also measured the separate effects of generic and brand advertising in the New York City market from 1979 to 1981. Results indicated that incremental increases in generic advertising were likely to have a greater impact on cheese sales than incremental increases in brand advertising (at 1979 to 1981 expenditure levels). Furthermore, a significant interaction effect between brand and generic advertising was observed, with brand advertising reinforcing generic advertising more so than vice versa. The advertising carryover effect was 18 months for generic cheese promotion and 24 months for brand advertising. Furthermore, results indicated that the effectiveness of generic advertising could be enhanced if it were timed to coincide with periods of heavy brand advertising.

Spatial and Temporal Allocation of Promotion Funds. Research in this area attempts to develop and refine procedures that help determine the optimum allocation of advertising funds among markets, products, and media as well as optimum seasonal allocations. A 1981 study suggests that more precise estimates of seasonal responses to advertising can be obtained by imposing a "smoothness prior" restriction when estimating the sales response to advertising (9). Despite the promising results, it was concluded that further research was needed before the use of smoothness priors could be routinely applied to the fluid milk model.

An analysis using ten years of monthly data suggests that a distinct seasonal pattern in the consumer response to milk advertising exists in the New York City market (17). The consumer response mimics the seasonal demand pattern for milk (with a one- or two-month lag), which peaks in the spring and is at its lowest levels in late

summer/early fall. Therefore, producer net returns and milk sales could be enhanced by timing advertising expenditures to take advantage of monthly variations in the Class I - Class II price differential and the Class I utilization rate.

Factors Affecting Consumption of Milk and Dairy Products. Many economic and demographic factors affect the demand for dairy products. Therefore, much of the research in this area has been a byproduct of Cornell University's work on its fluid milk demand model. A 1982 study examined how age structure, racial composition, household income, and prices for milk, cola, and coffee affected the demand for fluid milk in the New York City market (13) during 1971 to 1979. Age structure and racial composition were found to be important factors affecting milk sales in the New York City market. Specifically, substantial increases in the nonwhite proportion of the population and declines in the proportion of the population under 20 years old adversely affected milk sales. Increases in household incomes, constant real milk prices, and sharp increases in real cola and coffee prices, together with a \$12 million nominal investment in generic milk advertising offset the adverse demographic effects of age and racial structure to produce a relatively flat trend in New York City's per capita milk sales.

A detailed examination of milk prices--a key factor affecting milk sales--was conducted in 24 upstate and 8 New York City markets for the period 1970 to 1980 (18). In all markets analyzed, real milk prices declined between 1970 and 1980. Intramarket variation in milk prices had decreased in the upstate markets, but had increased in the New York City markets.

In 1984 a study of the consumption of milk in the schools, with particular emphasis on chocolate milk consumption, was completed (31). The survey showed milk sales per student to be lower in larger school districts than in smaller districts. Survey responses also indicated that the greatest barrier to increasing chocolate milk sales was the concern of many parents, school administrators, cafeteria managers, and dieticians that chocolate milk is not good for children. Contrary to results of an earlier study, the survey results failed to indicate that greater total milk sales per student result in schools where chocolate milk sales represent a larger share of total milk sales.

Research in Progress. Researchers at Cornell University continue to refine the fluid milk model and to produce updated estimates of the relationship between advertising and sales. A study to determine the relationship between advertising and sales for different media (television, radio, and print) using the fluid milk model and further work concerning the optimum allocation of funds among markets, products, seasons, and advertising program options is underway. An examination of various methods that can be used to evaluate advertising campaigns focusing on product attributes (in this case, calcium) is nearing completion. Cornell also has a contract with the NDPRB to examine data availability and needs.

Cornell University completed a calcium intake survey in two New York counties in 1986. Results of this survey will serve as benchmarks

to determine the changes in calcium intake that can be attributed to a Cooperative Extension calcium-awareness nutrition-education program being conducted by the nutrition agents of the Southern Tier counties of New York.

Nutrition Education Research and Evaluation

The National Dairy Council (NDC) and its affiliates are the organizations that are responsible for the creation and implementation of most of the nutrition-education materials funded by dairy promotion monies.¹⁰ NDC is also the coordinator of almost all of the research focusing on Dairy Council programs. Since 1979, NDC has sponsored numerous studies to evaluate the content and effectiveness of its educational program materials prior to, during, and following their implementation. NDC also has conducted needs-assessment surveys among its various client groups. Much of this research is conducted by outside firms or universities under the supervision of UDIA's marketing and economic research division. In 1984, NDC funded an extensive, computer-assisted literature review to evaluate the effectiveness of nutrition education titled, Nutrition Education: A Model for Effectiveness, A Synthesis of Research.

Evaluation of Program Materials. NDC has devoted considerable funds to evaluate its FOOD...Your Choice learning system. In 1979, Child Research Services, Inc. was hired to evaluate the kindergarten through sixth grade (Levels 1-3) FOOD...Your Choice (FYC) program materials. Children who had been exposed to two years of FYC were compared to those who had not been exposed at eight sights in the U.S. The study measured differences in eating patterns, attitudes toward dairy products, and the ability to apply nutrition knowledge.

Researchers at the University of Illinois, Chicago Circle field-tested prototype materials of FYC Level 4 (grades 7-10) in 1979 and 1980. Results of these tests were used to revise Level 4 materials prior to national implementation. In 1982, the University of Illinois began a three-year, continuous study of Level 4 as it was implemented. This study, which was conducted at five implementation centers, evaluated the long-range effects of Level 4 on students. Results showed that high school students exposed to this program significantly increased their nutrition knowledge and reported a 36-percent increase in dairy product consumption. Based on these and other studies, NDC has revised segments of its FYC curriculum. Field testing and evaluations continue.

Research Grants. NDC sponsored research projects at Iowa State University and the University of Illinois to determine how preschoolers develop attitudes toward foods, to identify the best ages for teaching various nutrition concepts, and to produce better methods of testing the effectiveness of nutrition education. One of the new evaluation tools

¹⁰See Chapter 3 for a detailed description of NDC and its programs.

developed using results from these research projects is NDC's computer program, What I Usually Eat.

1984 Study on the Effectiveness of Nutrition Education. In 1984, NDC sponsored an extensive analysis of the effectiveness of nutrition education. David Johnson, an educational psychologist at the University of Minnesota, was the principal investigator. Using meta-analysis, a technique that permits data from a large number of existing studies to be averaged together, Dr. Johnson examined 303 studies with 4,108 separate findings to answer the broad question, "Does nutrition education make a difference?"

Results of this study were published in June 1985 as a special supplement to the Journal of Nutrition Education. Dr. Johnson and his associates found, for example, that persons in all age groups who participated in nutrition-education programs knew more about nutrition than nonparticipants, with 65 percent of the findings significantly positive and only 2 percent negative. Furthermore, nutrition education had positively affected the participants' behavior in that 58 percent had made significant, desirable changes in their patterns of food consumption and only 3 percent had not. Besides providing an analysis of the effectiveness of nutrition-education programs, this report also contains a comprehensive bibliography of nutrition-education research studies.

Summary

The evaluation of generic dairy-product advertising takes place at three levels. The first level involves the pretesting of advertisements among their intended target audiences. Results of these pretests indicate whether a commercial's intended message is the same as the message actually received by the audience. Pretests also provide indications of a commercial's appeal, persuasiveness, and relevance. Any necessary changes can then be made before the advertisement is aired. Both the NDPRB and the UDIA routinely conduct pretests of their advertisements.

The second level of evaluation takes place once the advertisements are on the air. Tracking studies are the primary means of determining if an advertising campaign is being heard and if it is having the desired impact on the viewers or listeners. The NDPRB currently conducts recall (or tracking) surveys for its fluid milk, cheese, butter, calcium, and ice cream campaigns. In late 1985, it switched from a "point-in-time" to a "continuous" surveying technique so that recall surveys are now conducted weekly, but among a smaller sample. The same areas, however, continue to be addressed: recall, awareness, reaction, attitudes, and consumption. UDIA collaborates with the NDPRB on the tracking studies of ADA-produced advertisements and continues to track its "REAL" Seal campaigns.

In 1984-85 and 1985-86, the NDPRB collected split-cable scanner data as another means of determining whether its advertisements were

leading consumers to increase their purchases of dairy products. One group of cable TV households was exposed to generic dairy advertising, and the other group was not. The supermarket purchase patterns of the two groups were then compared. Results of the split-cable scanner study were inconclusive, primarily because it was later discovered that the two groups displayed significantly different purchase patterns prior to the test.

The third level of evaluation involves econometric modeling to determine the impact of advertising on sales or consumption. The econometric demand models for fluid milk that were discussed in this chapter were developed by Arthur D. Little, Inc. for the NDPRB, by the UDIA, and by Cornell University. The following general conclusions can be drawn from results generated by these three models.

1. Generic fluid milk advertising increased sales, but at a decreasing rate as advertising expenditure levels were increased.
2. Generic fluid milk advertising produced a positive net return on investment for dairy farmers.
3. The impact of generic milk advertising differed among markets. In New York, for example, the impact was greater in the larger metropolitan areas of New York City and Buffalo than in the smaller cities of Albany, Rochester, and Syracuse.
4. The consumer response to fluid milk advertising mimicked the seasonal demand pattern for milk, peaking in the spring and ebbing in the summer/early fall.
5. Fluid milk advertising had a carryover effect (two to six months according to a Cornell University study).
6. Demographic factors and prices of competing goods played an important role in the demand for milk.

Econometric demand models for cheese have been developed by both Arthur D. Little, Inc. and the Economic Research Service (ERS) of the USDA for the NDPRB and by Cornell University researchers. Results generated by the NDPRB-sponsored models were inconclusive, primarily because of the lack of an adequate data base that includes both at-home and away-from-home cheese consumption. As a result, the NDPRB is currently funding a study of data availability and needs. A cheese demand model developed at Cornell University was applied to the New York City market. This study found substantial complementarity between brand and generic advertising of cheese.

Other types of research that are used more to develop future advertising campaigns than to evaluate current campaigns include UDIA's biennial attitude and usage trend study, which examines consumers' attitudes toward and usage of all kinds of foods, and their lifestyles, and its targets and appeals studies.

The National Dairy Council has been primarily responsible for evaluating the effectiveness of its nutrition-education programs. A major study conducted in 1984 by David Johnson at the University of Minnesota examined a variety of nutrition-education programs, including those produced by NDC. Results indicated that nutrition education had positively affected participants' behavior.

THE DAIRY PROMOTION EFFORT IN PERSPECTIVE

In 1984, the first national dairy product promotion program to be funded by a mandatory assessment on all U.S. dairy producers became a reality. This program was authorized by the Dairy and Tobacco Adjustment Act of 1983 and implemented by the Dairy Promotion and Research Order issued in March 1984 with the intent of reducing milk supplies and increasing the consumption of milk and dairy products. The national order requires all dairy producers to pay a 15 cent per hundredweight assessment to the National Dairy Promotion and Research Board (NDPRB). Producers are allowed a 10 cent per cwt. credit for contributions they make to qualified local, state, or regional dairy promotion programs. The order has generated approximately \$210 million annually, more than doubling the funds that had been available for dairy promotion prior to its implementation.

The National Dairy Promotion and Research Order had an immediate effect on the array of producer participation rates and assessment rates that had characterized the dairy promotion effort prior to 1984. First, and foremost, voluntary funding was no longer allowed. Voluntary funding had long been a major bone of contention since all producers--not simply those contributing funds--stood to gain from the efforts of promotion programs. Furthermore, voluntary funding forced dairy promotion organizations to spend a considerable portion of their budgets on membership activities. As a result, several states prior to 1983, including New York and California, had implemented state dairy promotion orders mandating participation. Many other areas of the U.S., however, allowed voluntary participation. Wisconsin dairy producers, for example, defeated proposals for mandatory funding on numerous occasions during the 1970s, and the state's producer participation rate was one of the lowest in the nation until producers approved the state's Milk Marketing Order in 1983. Voluntary funding--via the "ask-out provision"--was also a major feature of the advertising and promotion agencies operating under federal milk marketing orders. The National Dairy Promotion and Research Order in 1984 eliminated all voluntary

funding options, ensuring a 100-percent producer participation rate nationwide.

Assessment rates throughout the U.S. had also varied considerably prior to 1984. Rates were highest in the far western states, with Oregon dairy producers contributing approximately 14.7 cents per cwt., Washington producers 14.4 cents per cwt., and California producers 13.5 cents per cwt. All of the federal order promotion and advertising agencies were receiving 10 cents per cwt. except for the Middle Atlantic Order, whose producers paid 14 cents per cwt. At the lower end of the assessment rate spectrum were the states of New York at 8.5 cents per cwt. and Wisconsin at 5 cents per cwt. Because the national order placed an upper limit of 10 cents per cwt. on assessments that could be credited to qualified local, state, and regional promotion programs, organizations in the Far West saw their revenues drop while assessment revenues in New York and Wisconsin rose starting May 1984.

Although the national Dairy Promotion and Research Order forced these changes in participation and assessment rates, it retained the program areas traditionally funded by the already existing promotion organizations: advertising, nutrition education and research, product research and development, and evaluation.

Allocation of Funds

Of the approximately \$200 million generated annually by the 15 cent per cwt. assessment, the National Dairy Promotion and Research Board has received approximately \$80 million (about 6 cents per cwt.), making it the primary recipient of dairy promotion monies in the U.S. The remaining \$120 million (about 9 cents per cwt.) goes to the 84 qualified local, state, and regional promotion organizations.

In 1984-85, 74 percent of the \$200 million collected that year was allocated to advertising and sales promotion, 15 percent to nutrition education and research, 2 percent to product research and development, and 9 percent to administration/support services (Table 12.1). Although allocations have varied since the NDPRB's first fiscal year, the NDPRB has tended to allocate proportionately more of its funds to advertising than most of the qualified organizations allocate. The qualified organizations in turn have tended to spend proportionately more of their funds on nutrition research and education than the NDPRB spends.

Advertising

In 1984-85, \$147.5 million was spent by all dairy promotion organizations on advertising and sales promotion. The NDPRB spent \$82.2 million on network TV and radio, and national print ads. The qualified promotion organizations spent \$81.3 million primarily on spot ads in their local markets. The products/product attributes advertised were fluid milk, cheese, butter, dairy foods value/calcium, ice cream, and the "REAL" Seal. The NDPRB allocated the largest portion of its ad

TABLE 12.1 EXPENDITURES OF THE NATIONWIDE DAIRY PROMOTION PROGRAM,
1984-85

Program Area	NDPRB	Qualified Programs	Combined Programs
<u>Millions of Dollars^a</u>			
Advertising ^b			
Fluid milk	20.9	50.8	71.7
Cheese	31.1	18.2	49.3
Butter	7.4	4.1	11.5
Calcium	18.3	1.9	20.2
"REAL" Seal	--	3.5	3.5
Other	<u>4.5</u>	<u>2.8</u>	<u>7.3</u>
Total	82.2	81.3	163.5
Nutrition research and education	3.6	24.3	27.9
Product development	0.2	1.0	1.2
Evaluation	1.5	1.0	2.5
Other	<u>2.5</u>	<u>11.5</u>	<u>14.0</u>
Total expenditures	90.0	119.1	209.1

SOURCE: National Dairy Promotion and Research Board.

^aThese figures should be viewed as approximations. Substantial accounting differences among the over 80 dairy promotion organizations make an accurate compilation of expenditures difficult, if not impossible.

^bThe NDPRB figures reflect the costs of its 1984-85 advertising programs. Not all of these expenses were remitted during the board's first fiscal year, hence the discrepancy between the board's 1984-85 income and expenditure statement (Table 2.2) and the figures listed here.

budget to cheese while the qualified organizations spent the largest portion of their ad funds on fluid milk (Table 12.1).

The NDPRB's 1984-85 national advertising campaigns were planned and executed by the newly formed Dairy Promotion Federation Association (DPFA). The DPFA was a partnership of COW Dairymen, Inc., which represents the promotion organizations in California, Oregon, Washington, and Nevada, and the United Dairy Industry Association (UDIA), a federation of 20 state or regional promotion organizations representing all other areas of the U.S. (except Louisiana, Alaska, and Hawaii). The DPFA, in turn, used COW Dairymen's ad agency, McCann-Erickson of San Francisco, to produce the national children's fluid milk and dairy foods value/calcium campaigns, and the young adults' fluid milk campaign shown in the Far West. DPFA used UDIA's advertising arm--the American Dairy Association (ADA)--to produce the young adults' fluid milk campaign shown in UDIA-member areas, and the national cheese, butter, and ice cream campaigns. (These campaigns were created by D'Arcy-MacManus & Masius, one of ADA's ad agencies.)

The local market advertising campaigns of the UDIA member organizations were for the most part planned and placed by the ADA. The local ads shown in the three far western states were created and placed separately by each state's promotion organization.

In 1985-86, two key changes in the overall dairy advertising program took place. First, qualified organizations contributed funds directly to the DPFA--called the DPFA pools--that were used to supplement NDPRB's network advertising budgets for young adults' fluid milk, cheese, and butter. These pooled funds added another \$25 million to the NDPRB's total \$65 million advertising program. As a result of their DPFA network advertising contributions, local organizations allocated fewer funds to local market advertising in 1985-86.

The second key change was NDPRB's increasing participation in the creation, production, and placement of its advertising campaigns. Rather than rely almost solely on the DPFA to manage its national advertising programs, the NDPRB in 1985-86, in partnership with the DPFA, contracted and worked directly with the ad agencies that produced the campaigns.

In 1986-87, the NDPRB assumed complete control over its ad programs, contracting directly with its advertising agencies independent of the DPFA. Qualified organizations continued their DPFA pools in fall 1986. During that time, however, the leaders of DPFA's associated organizations concluded that DPFA was no longer serving a useful purpose and decided to cease its operations on December 31, 1986. The demise of the DPFA did not, however, put an end to pooled network ads funded by the qualified organizations. The 1987 portion of the 1986-87 pools were placed instead by the UDIA/ADA as UDIA network pools (using funds allocated by UDIA members) and by COW Dairymen as regional network pools (using funds allocated by COW Dairymen members).

Nutrition Research and Education

The organization primarily responsible for the nutrition research and education programs in the U.S. funded by dairy producers is the National Dairy Council (NDC). The NDC was formed in 1915, and since 1971 has been a subsidiary of the UDIA. In 1986, 31 Dairy Council units throughout the U.S. were affiliated with the NDC, including the Dairy Council units in UDIA's nonmember states of California, Oregon, and Washington.

In 1986, NDC administered 102 nutrition-research grants at a funding level of approximately \$4.4 million. Of the 102 grants, 54 were funded by the NDPRB, 22 by NDC, 16 by the Wisconsin Milk Marketing Board (WMMB), 9 by the Dairy Council of California (1 cofunded with the NDPRB), and 1 by Midland UDIA. These grants focused on calcium, the relationship of dairy foods to dental health, heart disease, and cancer, and the role of calcium throughout the lifecycle.

NDC also develops nutrition-education materials and programs for use by the local Dairy Council units. Chief among these has been NDC's FOOD...Your Choice curriculum for school-age children and teens and its health professionals programming. The NDPRB has opted to conduct a separate nutrition-education program. The board's activities have focused on the role of dairy calcium in the diet and have been targeted primarily at health professionals and consumers.

Product Research and Development

Product research and development projects are designed to produce new dairy products or processing methods. The NDPRB in 1986 funded 57 product/process projects with a combined budget of approximately \$4 million. Most of these projects were administered by the Dairy Research Foundation, a division of Dairy Research, Inc. (DRINC). DRINC itself funded 11 grants in 1986 as well as administered grants for the WMMB and Midland UDIA. The California Milk Producers Advisory Board has also sponsored research in this area, recently producing the new fluid milk product called Vital 15.

Evaluation

Both the NDPRB and the UDIA, as well as numerous qualified promotion organizations, allocate funds to evaluate the effectiveness of their programs. These funds have been used primarily for pretests of advertisements, tracking studies, and the development of econometric demand models for fluid milk and cheese.

The New York Dairy Promotion Program

New York State dairy farmers are assessed 10 cents per cwt. under the New York Dairy Promotion Order, with the remaining 5 cents per cwt.

remitted to the NDPRB. In 1985-86, approximately \$11.6 million was collected under the New York order. Most of the money, about \$9.0 million, was managed by the New York State Milk Promotion Advisory Board, which is appointed by the commissioner of Agriculture and Markets, who maintains direct control over the assessment monies. The American Dairy Association and Dairy Council, Inc. was the primary recipient of these funds. The \$2.6 million balance was allocated to the order's companion programs: Milk for Health on the Niagara Frontier (State Order 127), Rochester Health Foundation (State Order 129), Milk Promotion Services, Inc. (Federal Order 1), and Mid East UDIA (Federal Order 36).

The New York Milk Promotion Advisory Board spent its 1985-86 funds as follows: 65 percent on advertising and sales promotion, 14 percent on nutrition education, 10 percent on communications and supporting services, 6 percent on national program support (UDIA dues), 3 percent on Cornell University research, and 2 percent on administration. The 1986 board-sponsored advertising program emphasized fluid milk ads (87 percent of the total ad budget), and most of the ads were aired in the New York City market area (76 percent of the ad budget).

Major Issues Facing the Dairy Promotion Effort

Among the many issues facing the dairy promotion effort, those that are currently of particular concern are related to the general areas of program coordination, program evaluation, and competition by other commodity promotion programs.

Program Coordination

Program coordination is and will continue to be a major issue facing the dairy promotion industry. Although all of the money to support the promotion effort comes from dairy farmers, the NDPRB and the local promotion organizations are accountable to different directors and different authorities, and in general have different program objectives.

The local organizations have a different political support base than does the NDPRB. The NDPRB was established by the U.S. Congress. The local organizations were established through voluntary arrangements in some areas and by state legislation in other areas. Furthermore, whereas the local organizations are interested more in promoting the products produced in their region and in the markets in which those products are sold, the NDPRB is expected to have a more national perspective and a more universal set of promotion objectives. The Dairy and Tobacco Adjustment Act of 1983 that established the NDPRB assigned it the task of coordinating the efforts of the various promotion organizations. However, because of the organizations' differing legislative authorities, different political support bases, and differing objectives, coordination is a major and difficult endeavor.

At the time of writing this report, an attempt was in progress under the leadership of the National Milk Producers Federation to merge

the NDPRB and UDIA. The purpose was to establish one national organization that could conduct the programs desired by the NDPRB and coordinate the promotion and research efforts of all of the dairy promotion organizations. It is not clear as of this writing that the merger will be consummated, nor is it clear that a merger will achieve the desired results of program coordination and cost effectiveness in program delivery.

The authors of this report do not wish to judge the merits of a merger but do wish to point out some important issues of organizational structure and coordination. From whatever evolves, the organizational structure must satisfy the diverse needs of the dairy farmers in the various regions and be responsive to the unique nature of the various product and geographic markets served. To that end, the local organizations are probably in a better position to identify the needs and unique natures of the local markets. A single national organization is probably in a better position to achieve economies in program design and development and in placement of network advertisement buys. A single organization at the national level, however, is not necessarily the best structure for program effectiveness. Some form of structure is needed to ensure that the promotion and research programs are imaginative, vigorous, and progressive, yet cost effective. They also need to be optimum in an economic sense, which does not mean least cost. Some degree of competition in the organizational structure may be necessary to maintain a vigorous, progressive, and near optimum program.

Program Evaluation

Dairy promotion organizations have long recognized the importance of monitoring and evaluating the effectiveness of their promotion programs. Numerous studies have, as a result, been sponsored by the UDIA, NDPRB, and state and regional organizations. Much of this research has focused on fluid milk, the dairy product receiving the most promotion funds and having the most readily accessible and usable research data.

As scientists have expanded their evaluation efforts to other dairy products and to new areas of fluid milk research, two major research problems have arisen. First, researchers have found that the data needed to produce acceptable, useful research results are not readily available for all products. This problem is currently of major concern to the cheese evaluation studies, whose preliminary results were inconclusive due primarily to the inadequate data bases that were used. As a result, the NDPRB is sponsoring a study of data availability and needs. This problem of data insufficiency is bound to surface again when research expands to other products.

Scientists are also finding it difficult to pinpoint the effects of various promotion programs due to the considerable number of promotion organizations involved in their design and implementation. This lack of coordination among organizations in the collection and exchange of data

needed for evaluation once again emphasizes a need for stronger overall program coordination.

Those involved in the dairy promotion program must identify their evaluation priorities, decide how best to coordinate the various evaluation efforts of the organizations and institutions involved, and work to overcome data insufficiencies.

Growth in Commodity Promotion

Agricultural commodity promotion has become big business. In addition to the over \$200 million dairy producers remit annually for promotion, producers of such other commodities as beef, pork, apples, raisins, and oranges have also been raising considerable funds to produce their own aggressive, innovative promotional campaigns. As a result, consumers are likely to be exposed to dairy's "Cheese, Glorious Cheese," beef's "Beef. Real Food for Real People," and Washington apple's "The Original Health Food" advertising campaigns in the same magazine or on the same television program. This growth in promotional activity among commodity groups poses further challenges and offers new opportunities to the dairy promotion effort.

The key challenge lies in how best to compete against not only the major beverage manufacturers, but also against other generic commodities with product attributes--primarily nutritional--as appealing to consumers as those of dairy products. The importance of differentiating the dairy product from its competitors, targeting the most responsive demographic groups, and placing ads most effectively, therefore, takes on heightened importance in the high stakes competition for the consumer's food dollar.

This increased promotional activity among commodity groups also offers new opportunities for the dairy effort. Joint advertising, for example, would stretch promotion budgets and increase product exposure for all commodity groups involved. Commodity groups would also have the opportunity to pool evaluation efforts, hence facilitating the collection of data and defraying collection costs, problems that have deterred the evaluation efforts of the dairy promotion program. All of the commodity promotion groups need to be aware of the observation made by many that the consumer's ability to consume food is limited (by the size of the stomach). Thus, the dairy promotion groups need to be concerned that their programs' effectiveness is not merely offset by the program efforts of other commodity groups.

Concluding Comments

The National Dairy Promotion and Research Board, United Dairy Industry Association, and the state and regional dairy promotion programs across the U.S. are to be commended for cooperating in the expeditious planning, implementation, and evaluation of the expanded program mandated by the national Dairy Promotion and Research Order. It

is inevitable, however, that the national order would create competition, conflicts, and changes among the over 80 existing dairy promotion organizations. The recent demise of the Dairy Promotion Federation Association and the increasingly more frequent mergers and dissolutions of organizations at the local, state, and regional levels indicate changes that are already underway as well as unresolved conflicts.

This situation should be viewed positively in that it is forcing existing organizations to review their programs and their operating procedures. Over the long run, the dairy promotion effort should not be satisfied with the current organizational arrangement. The national order effectively generates the funds for the promotion program, with the NDPRB serving as the collection agency. Dairy promotion organizations, therefore, no longer need to be concerned about raising monies. Full attention can now be devoted to developing an organizational structure and operating procedures that will result in the best possible use of the promotion funds. Only with a strong organizational structure, a skilled management team, and coordination among the local and national units will dairy producers get the greatest return on their promotion investment.

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APPENDIX 1

THE SEVERAL COMPONENT FORMS OF PROMOTION

Promotion is defined as including such activities as advertising, merchandising, public relations, trade relations, consumer education and publicity. All can be useful in shifting the demand for products.

Advertising is defined as any paid form of nonpersonal presentation in promotion of ideas, goods or services by an identified sponsor. It is also defined as communication which is paid for in media which may be directed to specific audiences or the general population.

Merchandising includes a wide group of items. These include pricing techniques, packaging, display space and location, point of purchase materials, variations in marketing services, premiums, couponing, and, in general those things which have to do with affecting the product, service, location, and pricing with respect to influencing the buyer.

Trade relations include those things which an organization does with other organizations to obtain, among other things, certain promotional results. It may include such things as keeping salesmen and dealers enthusiastic about selling a product or service. It may be directed at any segment of the trade. To achieve certain promotional goals and objectives it may be important to have many organizations in an industry working together.

Public relations include some activities which are done to enhance the image of a firm, organization, or industry. With favorable attitudes people are more likely to buy the product associated with the organization or industry than otherwise. Also, efforts to work together with others in the industry are improved.

Publicity includes preparing and disseminating news items about a product or service. This type of promotion depends on the voluntary acceptance and use of the publicity releases by major forms of media. Some have described it as free advertising.

Consumer education may involve cooperating with or influencing professionals who play a role as educators in disseminating certain types of information. Influencing the influentials could be a singular promotional means.

SOURCE: G. G. Quackenbush, "Responsiveness of Dairy Product Sales to Promotional Effort," a paper presented at a joint meeting of the American Farm Economic Association and the American Marketing Association, December 29, 1962.

APPENDIX 2

NEW YORK DAIRY PROMOTION ORDER*
I NYCRR PART 40

DEFINITIONS

40.1 Act means Chapter 1008 of the Laws of the State of New York for 1969, as amended, also known as the Dairy Promotion Act, article 21-A of the Agriculture and Markets Law.

40.2 Commissioner means the Commissioner of Agriculture and Markets of the State of New York.

40.3 Division means the Division of Dairy Industry Services of the Department of Agriculture and Markets of the State of New York.

40.4 Dairy products mean milk and products derived therefrom and products of which milk or a portion thereof is a significant part.

40.5 Person means any individual, partnership, corporation, cooperative association, unincorporated cooperative association or other business unit.

40.6 Producer means any person in the State of New York who is engaged in the production of milk in a quantity which exceeds family and on-farm use or who causes milk to be produced for any market in this or any other state.

40.7 Dairy promotion order means the provisions of this Part issued by the commissioner pursuant to the Act.

40.8 Advisory board means those producers who are appointed by the commissioner pursuant to section 40.15 of this Part to advise and assist him in administering this Part.

40.9 Milk dealer means any person who purchases or handles or receives or sells milk.

40.10 Cooperative means an association or federation or cooperative of milk producers organized under the laws of New York State, or any other state, having agreements with their producer members to market, bargain for or sell the milk of such producers, and is actually performing one or more of these services in the marketing of milk produced by their members, through the cooperative or through a federation of milk cooperatives in which the cooperative has membership.

*As of April 30, 1985.

AREA AND PERSONS AFFECTED

40.11 The area to which this Part shall apply is the State of New York.

40.12 Persons. Persons subject to or affected by this Part shall be: (a) all producers as defined in this Part; and (b) all milk dealers as defined in this Part who receive milk from producers.

ADVISORY BOARD

40.13 Advisory board. An advisory board consisting of 10 members shall be appointed by the commissioner to advise and assist in the administration of this Part. Each member of the advisory board shall be an individual producer, including any individual who is active in a partnership, corporation, association or other business unit which is a producer as defined in this Part.

40.14 Nominations. The commissioner shall accept nominations of individual producers for the advisory board which have been submitted in accordance with the following procedure:

(a) The commissioner shall notify in writing each farm organization whose membership is known to include producers as defined in this Part and shall provide such other reasonable notification as he deems appropriate with respect to the date or dates on which he will accept nominations for the advisory board and the final date for submitting any such nomination. The notification by the commissioner shall include a statement setting forth the procedure for submitting a nomination.

(b) Any individual producer marketing milk in the State of New York may submit to the commissioner in writing within the time limitation fixed by him one or more nominations of individual producers for membership on the advisory board.

(c) Any organization listed in section 40.15 of this Part (or any successor thereto) may submit to the commissioner a resolution of its board of directors or other governing body endorsing the nomination of not less than two of its members received pursuant to subdivision (b) of this section and thereby designate to the commissioner any such producer thus endorsed as a recommended representative of its organization on the advisory board.

40.15 Appointments. The commissioner shall appoint the members of the advisory board and determine their acceptance in accordance with the following procedure:

(a) For each of the organizations or joint organizations listed in this subdivision (or any successor thereto), one of the nominees endorsed by such organization or joint organization pursuant to section 40.14(c) of this Part shall be appointed to the advisory board. In the event less than two nominees are

endorsed by an organization, the commissioner at his discretion shall appoint to the advisory board an individual producer who has been nominated pursuant to section 40.14(b) of this Part with or without endorsement by such organization.

- (1) Dairylea Cooperative, Inc.
- (2) Eastern Milk Producers Cooperative Association, Inc.
- (3) Northeast Dairy Cooperative Federation, Inc.
- (4) Allied Federated Cooperatives, Inc.
- (5) Niagara Frontier Cooperative Milk Producers Bargaining Agency, Inc.
- (6) Rochester Cooperative Milk Producers Bargaining Agency, Inc.
- (7) New York Farm Bureau, Inc.
- (8) New York State Grange, Inc.
- (9) Agri-Mark, Inc.

(b) One other individual producer shall be appointed to the advisory board from among nominations which have been submitted in accordance with section 40.14(b) of this Part. In the event the commissioner does not receive a nomination other than those endorsed by organizations pursuant to section 40.14(c) of this Part, he shall appoint from among such nominees at his discretion an individual producer who has not otherwise been appointed to the advisory board pursuant to subdivision (a) of this section.

(c) Each individual producer appointed as a member of the advisory board shall file a written acceptance with the commissioner within 15 days after being notified of his appointment by the commissioner.

(d) After the members of the advisory board have been appointed and each member has indicated his acceptance, the commissioner shall make known to the producers generally the names of the members of the advisory board.

40.16 Term of office. The term of office for each member of the advisory board shall be three years and successor members shall be appointed by the commissioner in accordance with the provisions of Sections 40.14 and 40.15 of this Part to coincide with the three-year term.

40.17 Disqualification. A member of the advisory board shall be disqualified for any of the following reasons:

(a) He ceases to be a producer as defined in this Part; and

(b) By executive disqualification by the commissioner or recommendation of a majority vote of the advisory board when the member's conduct is deemed prejudicial to the public interest and the dairy promotion order: provided, that a disqualified member shall have the right to appeal and to have a hearing before the full advisory board and the commissioner by filing a written

request with the commissioner of his intent to appeal within 10 days after receiving notice of disqualification.

40.18 Vacancies. In the event of a vacancy on the advisory board created by an appointee's failure to qualify for or accept membership, or which is caused by the death, resignation or disqualification of a member, the commissioner shall appoint an individual producer to serve for the duration of the unexpired term. In making such appointment, the commissioner shall maintain representation on the advisory board in accordance with that prescribed in section 40.15 of this Part.

40.19 Duties and responsibilities of the advisory board. It shall be the duty and responsibility of the advisory board to advise and assist the commissioner in all matters pertaining to the administration of this Part, subject only to such limitation as may be prescribed in section 258-t of the Agriculture and Markets Law. The advisory board shall:

(a) recommend to the commissioner administrative rules and regulations relating to this Part;

(b) recommend to the commissioner such amendments to this Part as seem advisable;

(c) prepare and submit to the commissioner at least 30 days in advance of each fiscal year an estimated budget required for the proper operation of this Part during such year;

(d) recommend to the commissioner methods of assessing producers and methods of collecting the necessary funds;

(e) assist the commissioner in the collection and assembly of information and data necessary for the proper administration of this Part; and

(f) perform such other duties in connection with this Part as the commissioner shall designate.

40.20 Quorum and vote majority. A simple majority of the advisory board members shall be necessary to constitute a quorum. A simple voting majority present shall be required to pass any motion or approve any advisory board action. At assembled meetings all votes shall be cast in person.

40.21 Compensation and expenses. The members of the advisory board shall not receive salaries, but each member shall be reimbursed for his actual and reasonable expenses while attending a meeting or committee meeting of the advisory board or in performing a duty necessary to the functions and activities of the advisory board as determined by the commissioner. The monies required for payment to members of the advisory board as authorized pursuant to this section shall be paid by the commissioner, as trustee, from the funds obtained through assessments against producers pursuant to the terms of this Part.

BUDGET AND ASSESSMENTS

40.22 Preparation of budget. At least 15 days in advance of each fiscal year, the commissioner shall announce a budget necessary for its administration and enforcement and for carrying on duly authorized programs and activities including advertising, promotion, education and publicity, marketing and product research, and informational services for encouraging the consumption of dairy products and protecting the health and welfare of consumers, as provided by the act; provided, that the commissioner may modify or revise the budget for any portion of the fiscal year if the maximum rate of assessment authorized under section 40.23 of this Part is amended, in which case he shall announce such revision in budget at least 15 days in advance of the date on which it is to become effective. The total amount of budgeted administrative costs for each fiscal year shall not exceed five percent of the total budget.

40.23 Assessment. The commissioner shall announce a rate of assessment for each fiscal year to provide adequate funds to defray expenditures in the budget, and there shall be credited against any such assessment the amount per hundredweight otherwise paid by any producer subject to this Part, by voluntary contribution or otherwise, pursuant to the Niagara Frontier and Rochester milk marketing orders and any other State or Federal milk marketing order for any similar research, promotion or advertising program. The rate of assessment shall apply to all milk delivered by producers to milk dealers for sale (including the milk of a milk dealer's own production handled for sale) and shall not exceed a rate per hundredweight which corresponds with the simple average uniform price for the New York-New Jersey Milk Marketing Order (1 NYCRR, Part 20) at the 201-210 milk zone for 3.5 percent butterfat milk for the preceding calendar year, rounded to the nearest whole cent, as set forth in the following schedule:

Simple Average Uniform Price for Preceding <u>Calendar Year</u>	Maximum Rate of <u>Assessment</u>
---	---

Dollars per Hundredweight

(Range)	
10.01-10.75	.065
10.76-11.50	.070
11.51-12.25	.075
12.26-13.00	.080
13.01-13.75	.085
13.76-14.50	.090
14.51-15.25	.095
15.26-16.00	.100

In the event the average uniform price for the New York-New Jersey order for the preceding calendar year does not fall within the ranges listed

in the foregoing schedule, such schedule shall be extended by the same incremental amounts.

40.24 Collection of assessment. The rate of assessment fixed by the commissioner pursuant to section 40.23 of this Part upon milk delivered by producers shall be collected as follows:

(a) Each milk dealer shall deduct from the price otherwise to be paid to producers or collecting cooperatives (other than producers who are credited by the full assessment pursuant to section 40.23 of this Part) the rate of assessment announced by the commissioner for the fiscal year on all milk received from producers.

(b) Each milk dealer shall on or before the 25th day of the month pay to the commissioner as trustee, the amount deducted from producers or collecting cooperatives pursuant to subdivision (a) of this section on milk received during the preceding month. Each milk dealer with respect to his own production shall also pay to the commissioner as trustee, on or before the 25th day of the month for milk handled for sale during the preceding month, an amount computed at the rate of assessment announced by the commissioner.

(c) The amounts paid to the commissioner as trustee pursuant to subdivision (b) of this section shall be deposited with a bank or other depository in the State designated by him and the State Comptroller and subject to withdrawal or disbursement by the commissioner in accordance with the act and the terms and provisions of this Part. Such fund shall be known as the Dairy Promotion Fund.

40.25 Prior assessments. Any assessments paid to the commissioner by cooperative associations prior to the effective date of this Part to defray the expense of promulgating, administering and enforcing the order until such time as the assessment as provided pursuant to section 40.23 of this Part is adequate for that purpose shall be reimbursed to such cooperative associations from the funds received and deposited by the commissioner in the Dairy Promotion Fund pursuant to section 40.24 of this Part.

REPORTS AND RECORDS OF MILK DEALERS

40.26 Monthly report to the division. Not later than the 28th day of each month, except as the commissioner may otherwise provide, each milk dealer, including a milk dealer handling only milk of his own production, shall file with the division at Albany, on forms provided for that purpose, an accurate report covering the preceding month, for each plant or other facility operated by him, showing the quantities of milk received from producers and the monies deducted from the prices otherwise paid producers or collecting cooperatives as assessments required under this Part. Such reports shall be sworn to by the milk

dealer or by a responsible officer or employee authorized to act in his behalf.

40.27 Records to be maintained. Each milk dealer shall maintain accurate records, books of accounts and other data readily available at his or its office or other principal places of business which shall verify the quantity of milk received from producers. Such records shall establish for each plant or other receiving point each month:

(a) the full name and post office address of each producer from whom the milk dealer has received milk;

(b) the quantity of milk received from each such producer each day; and

(c) such other records as the commissioner deems necessary for the administration of this Part.

40.28 Accurate record of quantities. When the quantity of milk delivered to a milk dealer by or for the account of a producer is determined by weighing, or otherwise, an accurate record of each such determination showing the quantity of milk received for the account of each such producer shall be made at once. Each such original record containing information with respect to the quantity of milk received for the account of one or more producers, whether the records be for one day or more than one day, shall be dated and signed by the person making the determination, and shall be preserved by the milk dealer purchasing or receiving such milk regardless of the fact that such milk dealer may copy such records for the purpose of making a more permanent record for the milk dealer's own use.

40.29 Availability of records and facilities. Each milk dealer shall make available at his office at all reasonable hours to any employee designated by the commissioner all books, papers, records or documents relating to the purchase of milk from producers.

40.30 Retention of records. All records required pursuant to this Part to be made available to the commissioner shall be retained by the milk dealer for a period of three years to begin at the end of the month to which such records pertain. If, within the three-year period the commissioner notifies the milk dealer in writing that further retention of such records is necessary, the milk dealer shall retain the specified records until further written notification is received from the commissioner.

PROMOTION PROGRAMS AND DISBURSEMENT OF FUNDS

40.31 Advertising, promotion, education and publicity of dairy products. The commissioner, with the advice and assistance of the advisory board, is hereby authorized to contract with any person or persons to carry on or cause to be carried on such advertising, promotion, education and publicity programs as he may believe will create new markets for the milk of producers as defined in this Part or

maintain present markets therefor. For such purposes, he may expend such monies or any part thereof as may be available pursuant to this Part. No advertising, promotion or publicity programs shall be conducted pursuant to this Part which make reference to any particular brand or trade name.

40.32 Marketing and product research. The commissioner, with the advice and assistance of the advisory board, is hereby authorized to contract with any person or persons to carry on or cause to be carried on milk marketing and/or dairy product research and to expend such monies as may be available pursuant to this Part for such purpose.

40.33 Information services. The commissioner, with the advice and assistance of the advisory board, is hereby authorized to contract with any person or persons to provide for informational services designed to keep producers and others informed on milk marketing and dairy product research, promotion, advertising, education and publicity programs and any other dairy industry information deemed important, and to expend such monies as may be available and required pursuant to this Part to obtain and disseminate such information.

40.34 Disbursement of funds. The monies deposited in the dairy promotion fund shall be disbursed by the commissioner with the advice and assistance of the advisory board for the necessary expenses incurred with respect to this Part. All such disbursements shall be made in the manner prescribed by the act and the provisions of this Part and shall be in accordance with any rules and regulations promulgated by the commissioner to effectuate the provisions and intent thereof. The expenses incurred with respect to this Part shall be audited by the State Comptroller at least annually and a copy of the audit report shall be made available to any producer for inspection.

40.35 Report of the commissioner. The commissioner, with the advice and assistance of the advisory board, shall prepare and publish a report each year for the benefit of producers which shall contain information on the promotion programs carried on during the preceding year, the expenditure of funds for each such program and other information with respect to this Part as may be of benefit to producers.

MISCELLANEOUS AND GENERAL PROVISIONS

40.36 Effective date. The provisions of this Part or any amendments thereto shall become effective at such time as the commissioner may declare and shall continue in force until suspended or terminated by him in accordance with the Act. This Part shall continue in effect on and after May 1, 1984 if not amended or otherwise voted upon within a period of three years therefrom.

40.37 Amendment, suspension or termination. The commissioner may amend, suspend or terminate any or all provisions of this Part in accordance with the provision of the act and any rules and regulations promulgated by him to effectuate the provisions and intent thereof.

40.38 Continuing power and duty. If, upon amendment, suspension or termination of any or all provisions of this Part, there are any obligations arising hereunder the final accrual or ascertainment of which requires further acts by any milk dealer, or by the commissioner, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such amendment, suspension or termination.

40.39 Continuing obligation of milk dealers. Unless otherwise provided by the commissioner in any notice of amendment, suspension or termination of any or all of the provisions hereof, such amendment, termination or suspension shall not:

(a) affect, waive or terminate any right, duty, obligation or liability which shall have arisen or may thereafter arise in connection with any provision of this Part;

(b) release or waive any violation of this Part occurring prior to the effective date of such amendment, termination or suspension; or

(c) affect or impair any right or remedies of the commissioner or of any other person with respect to any such violations.

40.40 Liquidation. Upon the termination of this Part, the commissioner shall dispose of all funds received hereunder in an equitable manner, together with claims to any such funds which are unpaid and owing at the time of termination and which are in accordance with the intent of the act and the provisions of this Part.

40.41 Rate of assessment. The rate of assessment to be paid pursuant to this Part is hereby established as follows: 8½ cents per hundred-weight for the period May 1, 1985, through April 30, 1986, on all milk received from producers, including each milk dealer's own production of milk handled for sale.

APPENDIX 3

DAIRY PROMOTION AND RESEARCH ORDER

Authority: Pub. L. 98-180, 97 Stat. 1128.

PART 1150 - DAIRY PROMOTION PROGRAM

Subpart - Dairy Promotion and Research Order

DEFINITIONS

§ 1150.101 Act.

"Act" means Title I, Subtitle B, of the Dairy and Tobacco Adjustment Act of 1983, Pub. L. 98-180, 97 Stat. 1128, as approved November 29, 1983, and any amendments thereto.

§ 1150.102 Department.

"Department" means the United States Department of Agriculture.

§ 1150.103 Secretary.

"Secretary" means the Secretary of Agriculture of the United States or any other officer or employee of the Department to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in the Secretary's stead.

§ 1150.104 Board.

"Board" means the National Dairy Promotion and Research Board established pursuant to § 1150.131.

§ 1150.105 Person.

"Person" means any individual, group of individuals, partnership, corporation, association, cooperative or other entity.

§ 1150.106 United States.

"United States" means the 48 contiguous States in the continental United States.

§ 1150.107 Fiscal period.

"Fiscal period" means the calendar year or such other annual period as the Board may determine.

§ 1150.108 Eligible organization.

"Eligible organization" means any organization which has been certified by the Secretary pursuant to §§ 1150.270 through 1150.278 of this Part.

§ 1150.109 Qualified State or regional programs.

"Qualified State or regional program" means any State or regional dairy product promotion, research or nutrition education program which is certified as a qualified program pursuant to § 1150.153.

§ 1150.110 Producer.

"Producer" means any person engaged in the production of milk for commercial use.

§ 1150.111 Milk.

"Milk" means any class of cow's milk produced in the United States.

§ 1150.112 Dairy products.

"Dairy products" means products manufactured for human consumption which are derived from the processing of milk, and includes fluid milk products.

§ 1150.113 Fluid milk products.

"Fluid milk products" means those milk products normally consumed in liquid form as a beverage.

§ 1150.114 Promotion.

"Promotion" means actions such as paid advertising, sales promotion, and publicity to advance the image and sales of, and demand for, dairy products generally.

§ 1150.115 Research.

"Research" means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for dairy products.

§ 1150.116 Nutrition education.

"Nutrition education" means those activities intended to broaden the understanding of sound nutritional principles, including the role of milk and dairy products in a balanced diet.

§ 1150.117 Plans and projects.

"Plans and projects" means promotion, research and nutrition education plans, studies or projects pursuant to §§ 1150.139, 1150.140 and 1150.161.

§ 1150.118 Marketing.

"Marketing" means the sale or other disposition in commerce of dairy products.

§ 1150.119 Cooperative association.

"Cooperative association" means any cooperative marketing association of producers which is organized under the provisions of the Act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act".

NATIONAL DAIRY PROMOTION AND RESEARCH BOARD

§ 1150.131 Establishment and membership.

(a) There is hereby established a National Dairy Promotion and Research Board of thirty-six members. For purposes of nominating producers to the Board, the United States shall be divided into thirteen geographic regions and the number of Board members from each region shall be as follows:

(1) One member from region number one comprised of the following States: Washington and Oregon.

(2) Four members from region number two comprised of the following State: California.

(3) Two members from region number three comprised of the following States: Arizona, Colorado, Idaho, Montana, Nevada, Utah and Wyoming.

(4) Two members from region number four comprised of the following States: Arkansas, Kansas, New Mexico, Oklahoma and Texas.

(5) Four members from region number five comprised of the following States: Minnesota, North Dakota and South Dakota.

(6) Six members from region number six comprised of the following State: Wisconsin.

(7) Three members from region number seven comprised of the following States: Illinois, Iowa, Missouri and Nebraska.

(8) Two members from region number eight comprised of the following States: Alabama, Kentucky, Louisiana, Mississippi and Tennessee.

(9) Three members from region number nine comprised of the following States: Indiana, Michigan, Ohio and West Virginia.

(10) Two members from region number ten comprised of the following States: Florida, Georgia, North Carolina, South Carolina and Virginia.

(11) Three members from region number eleven comprised of the following States: Delaware, Maryland, New Jersey and Pennsylvania.

(12) Three members from region number twelve comprised of the following State: New York.

(13) One member from region number thirteen comprised of the following States: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

(b) The Board shall be composed of milk producers appointed by the Secretary either from nominations submitted pursuant to § 1150.133 or in accordance with § 1150.136. A milk producer may be nominated only to represent the region in which such producer's milk is produced.

(c) At least every five years, and not more than every three years, the Board shall review the geographic distribution of milk production volume throughout the United States and, if warranted, shall recommend to the Secretary a reapportionment of regions and/or a modification of the number of members from regions in order to best reflect the geographic distribution of milk production volume in the United States.

(d) The number of members for each region which shall serve on the Board shall be determined by dividing the total pounds of milk produced in the United States for the calendar year previous to the date of review by 36 which provides a factor of pounds of milk per member, and then dividing the total pounds of milk for each region by such factor.

(e) In determining the volume of milk produced in the United States, the Board and the Secretary shall utilize the information received by the Board pursuant to § 1150.171 and data published by the Department.

§ 1150.132 Term of office.

(a) The members of the Board shall serve for terms of three years, except that the members appointed to the initial Board shall serve proportionately, for terms of one, two and three years.

(b) Each member of the Board shall serve until April 30 of the year in which his/her term expires, except that a retiring member may serve until a successor is appointed.

(c) No member shall serve more than two consecutive terms.

§ 1150.133 Nominations.

Nominations for members of the Board shall be made in the following manner:

(a) Upon effectuation of this provision, the Secretary shall solicit nominations for the initial Board from all eligible organizations. If the Secretary determines that a substantial number of producers are not members of, or their interests are not represented by, such eligible organizations, the Secretary shall also solicit nominations from such producers through general farmer organizations or by other means.

(b) After the appointment of the initial Board, the Secretary shall announce at least 120 days in advance when a Board member's term is expiring and shall solicit nominations for that position in the manner described in § 1150.133(a). Nominations for such position should be submitted to the Secretary not less than 60 days prior to the expiration of such term.

(c) An eligible organization may submit nominations only for positions on the Board that represent regions in which such eligible organization can establish that it represents a substantial number of producers. If there is more than one Board position for any such region, the organization may submit nominations for each position.

(d) Where there is more than one eligible organization representing producers in a specific region, they may caucus and jointly nominate producers for each position representing that region on the Board for which a member is to be appointed. If joint agreement is not reached with respect to any such nominations, or if no caucus is held, each eligible organization may submit to the Secretary nominations for each appointment to be made to represent that region.

§ 1150.134 Nominee's agreement to serve.

Any producer nominated to serve on the Board shall file with the Secretary at the time of the nomination a written agreement to:

- (a) Serve on the Board if appointed;
- (b) Disclose any relationship with any organization that operates a qualified State or regional program or has a contractual relationship with the Board; and
- (c) Withdraw from participation in deliberations, decision-making, or voting on matters where paragraph (b) applies.

§ 1150.135 Appointment.

From the nominations made pursuant to § 1150.133, the Secretary shall appoint the members of the Board on the basis of representation provided for in § 1150.131(a).

§ 1150.136 Vacancies.

To fill any vacancy occasioned by the death, removal, resignation, or disqualification of any member of the Board, the Secretary shall appoint a successor from the most recent list of nominations for the position or from nominations made by the Board.

§ 1150.137 Procedure.

(a) A majority of the members shall constitute a quorum at a properly convened meeting of the Board. Any action of the Board shall require the concurring votes of at least a majority of those present and voting. The Board shall establish rules concerning timely notice of meetings.

(b) The Board may take action upon the concurring votes of a majority of its members by mail, telephone, or telegraph when in the opinion of the chairman of the Board such action must be taken before a meeting can be called. Action taken by this emergency procedure is valid only if all members are notified and provided the opportunity to vote and any telephone vote is confirmed promptly in writing. Any action so taken shall have the same force and effect as though such action had been taken at a properly convened meeting of the Board.

§ 1150.138 Compensation and reimbursement.

The members of the Board shall serve without compensation but shall be reimbursed for necessary and reasonable expenses, including a per diem allowance as recommended by the Board and approved by the Secretary, incurred by them in the performance of their duties under this subpart.

§ 1150.139 Powers of the Board.

The Board shall have the following powers:

- (a) To receive and evaluate, or on its own initiative develop, and budget for plans or projects to promote the use of fluid milk and dairy products as well as projects for research and nutrition education and to make recommendations to the Secretary regarding such proposals;
- (b) To administer the provisions of this subpart in accordance with its terms and provisions;
- (c) To make rules and regulations to effectuate the terms and provisions of this subpart;
- (d) To receive, investigate, and report to the Secretary complaints of violations of the provisions of this subpart;
- (e) To disseminate information to producers or eligible organizations through programs or by direct contact utilizing the public postage system or other systems;
- (f) To select committees and subcommittees of Board members, and to adopt such rules for the conduct of its business as it may deem advisable;
- (g) To establish advisory committees of persons other than Board members and pay the necessary and reasonable expenses and fees of the members of such committees;
- (h) To recommend to the Secretary amendments to this subpart; and
- (i) With the approval of the Secretary, to invest, pending disbursement pursuant to a plan or project, funds collected through assessments authorized under § 1150.152 in, and only in, obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

§ 1150.140 Duties of the Board.

The Board shall have the following duties:

- (a) To meet not less than annually, and to organize and select from among its members a chairman and such other officers as may be necessary;
- (b) To appoint from its members an executive committee whose membership shall equally reflect each of the different regions in the United States in which milk is produced, and to delegate to the committee authority to administer the terms and provisions of this subpart under the direction of the Board and within the policies determined by the Board;
- (c) To appoint or employ such persons as it may deem necessary and define the duties and determine the compensation of each;
- (d) To review all programs that promote milk and dairy products on a brand or trade name basis that have requested certification pursuant to § 1150.153, and to recommend to the Secretary whether such request should be granted;
- (e) To develop and submit to the Secretary for approval, promotion, research, and nutrition education plans or projects resulting from research or studies conducted either by the Board or others;

(f) To solicit, among other proposals, research proposals that would increase the use of fluid milk and dairy products by the military and by persons in developing nations, and that would demonstrate the feasibility of converting surplus nonfat dry milk to casein for domestic and export use;

(g) To prepare and submit to the Secretary for approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of this subpart, including probable costs of promotion, research and nutrition education plans or projects, and also including a general description of the proposed promotion, research and nutrition education programs contemplated therein;

(h) To maintain such books and records, which shall be available to the Secretary for inspection and audit, and prepare and submit such reports from time to time to the Secretary as the Secretary may prescribe, and to make appropriate accounting with respect to the receipt and disbursement of all funds entrusted to it;

(i) With the approval of the Secretary, to enter into contracts or agreements with national, regional or State dairy promotion and research organizations or other organizations or entities for the development and conduct of activities authorized under §§ 1150.139 and 1150.161, and for the payment of the cost thereof with funds collected through assessments pursuant to § 1150.152. Any such contract or agreement shall provide that:

(1) The contractors shall develop and submit to the Board a plan or project together with a budget or budgets which shall show the estimated cost to be incurred for such plan or project;

(2) Any such plan or project shall become effective upon approval of the Secretary; and

(3) The contracting party shall keep accurate records of all of its transactions and make periodic reports to the Board of activities conducted and an accounting for funds received and expended, and such other reports as the Secretary or the Board may require. The Secretary or employees of the Board may audit periodically the records of the contracting party;

(j) To prepare and make public, at least annually, a report of its activities carried out and an accounting for funds received and expended;

(k) To have an audit of its financial statements conducted by a certified public accountant in accordance with generally accepted auditing standards, at least once each fiscal period and at such other times as the Secretary may request, and to submit a copy of each such audit report to the Secretary;

(l) To give the Secretary the same notice of meetings of the Board, committees of the Board and advisory committees as is given to such Board or committee members in order that the Secretary, or a representative of the Secretary, may attend such meetings;

(m) To submit to the Secretary such information pursuant to this subpart as may be requested; and

(n) To encourage the coordination of programs of promotion, research and nutrition education designed to strengthen the dairy industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for fluid milk and dairy products produced in the United States.

EXPENSES AND ASSESSMENTS

§ 1150.151 Expenses.

(a) The Board is authorized to incur such expenses (including provision for a reasonable reserve) as the Secretary finds are reasonable and likely to be incurred by the Board for its maintenance and functioning and to enable it to exercise its powers and perform its duties in accordance with the provisions of this subpart. However, after the first full year of operation of the order, administrative expenses incurred by the Board shall not exceed 5 percent of the projected revenue of that fiscal year. Such expenses shall be paid from assessments collected pursuant to § 1150.152.

(b) The Board shall reimburse the Secretary, from assessments collected pursuant to § 1150.152, for administrative costs incurred by the Department after May 1, 1984.

§ 1150.152 Assessments.

(a) Each person making payment to a producer for milk produced in the United States and marketed for commercial use shall collect an assessment on all such milk handled for the account of the producer at the rate of 15 cents per hundredweight of milk for commercial use or the equivalent thereof and shall remit the assessment to the Board.

(b) Any producer marketing milk of that producer's own production in the form of milk or dairy products to consumers, either directly or through retail or wholesale outlets, shall remit to the Board an assessment on such milk at the rate of 15 cents per hundredweight of milk for commercial use or the equivalent thereof.

(c) In determining the assessment due from each producer pursuant to

§ 1150.152(a) and (b), a producer who is participating in a qualified State or regional program(s) shall receive a credit for contributions to such program(s), but not to exceed the following amounts:

(1) In the case of contributions for milk marketed on or before May 31, 1984, up to the actual rate of contribution that was in effect under such program(s) on November 29, 1983, not to exceed 15 cents per hundredweight of milk marketed.

(2) In all other cases, the credit shall not exceed 10 cents per hundredweight of milk marketed.

(d) In order for a producer described in § 1150.152(a) to receive the credit authorized in § 1150.152(c), either the producer or a cooperative association on behalf of the producer must establish to the person responsible for remitting the assessment to the Board that the producer is contributing to a qualified State or regional program. Producers who contribute to a qualified program directly (other than through a payroll deduction) must establish with the person responsible for remitting the assessment to the Board, with validation by the qualified program, that they are making such contributions.

(e) In order for a producer described in § 1150.152(b) to receive the credit authorized in § 1150.152(c), the producer and the applicable qualified State or regional program must establish to the Board that the producer is contributing to a qualified State or regional program.

(f) The collection of assessments pursuant to § 1150.152(a) and (b) shall begin with respect to milk marketed on and after the effective date of this section and shall continue until terminated by the Secretary. If the Board is not constituted by the date the first assessments are to be collected, the Secretary shall have the authority to receive the assessments on behalf of the Board. The Secretary shall remit such assessments to the Board when it is constituted.

(g) Each person responsible for the remittance of the assessment pursuant to § 1150.152(a) and (b) shall remit the assessment to the Board not later than the last day of the month following the month in which the milk was marketed.

(h) Money remitted to the Board shall be in the form of a negotiable instrument made payable to "National Dairy Promotion and Research Board." Remittances and reports specified in § 1150.171 shall be mailed to the location designated by the Secretary or the Board.

§ 1150.153 Qualified State or regional dairy product promotion, research or nutrition education programs.

(a) Any organization which conducts a State or regional dairy product promotion, research or nutrition education program may apply to the Secretary for certification of qualification so that producers may receive credit pursuant to § 1150.152(c) for contributions to such program.

(b) In order to be certified by the Secretary as a qualified program, the program must:

(1) Conduct activities as defined in §§ 1150.114, 1150.115, and 1150.116 that are intended to increase consumption of milk and dairy products generally;

(2) Except for programs operated under the laws of the United States or any State, have been active and ongoing before enactment of the Act;

(3) Be financed primarily by producers, either individually or through cooperative associations;

(4) Not use a private brand or trade name in its advertising and promotion of dairy products unless the Board recommends and the Secretary concurs that such preclusion should not apply;

(5) Certify to the Secretary that any requests from producers for refunds under the program will be honored by forwarding to either the Board or a qualified State or regional program designated by the producer that portion of such refunds equal to the amount of credit that otherwise would be applicable to that program pursuant to § 1150.152(c); and

(6) Not use program funds for the purpose of influencing governmental policy or action.

§ 1150.154 Influencing governmental action.

No funds collected by the Board under this subpart shall in any manner be used for the purpose of influencing governmental policy or action, except to recommend to the Secretary amendments to this subpart.

§ 1150.155 Adjustment of accounts.

Whenever the Board or the Department determines through an audit of a person's reports, records, books or accounts or through some other means that additional money is due the Board or that money is due such person from the Board, such person shall be notified of the amount due. The person shall then remit any amount due the Board by the next date for remitting assessments as provided in § 1150.152. Overpayments shall be credited to the account of the person remitting the overpayment and shall be applied against amounts due in succeeding months.

§ 1150.156 Charges and penalties.

(a) Late-payment charge. Any unpaid assessments to the Board pursuant to § 1150.152 shall be increased 1.5 percent each month beginning with the day following the date such assessments were due. Any remaining amount due, which shall include any unpaid charges previously made pursuant to this section, shall be increased at the same rate on the corresponding day of each month thereafter until paid. For the purpose of this section, any assessment that was determined at a date later than prescribed by this subpart because of a person's failure to submit a report to the Board when due shall be considered to have been payable by the date it would have been due if the report had been filed when due. The timeliness of a payment to the Board shall be based on the applicable postmark date or the date actually received by the Board, whichever is earlier.

(b) Penalties. Any person who willfully violates any provision of this subpart shall be assessed a civil penalty by the Secretary of not more than \$1,000 for each such violation and, in the case of a willful failure to pay, collect, or remit the assessment as required by this subpart, in addition to the amount due, a penalty equal to the amount of the assessment on the quantity of milk as to which the failure applies. The amount of any such penalty shall accrue to the United States and may be recovered in a civil suit brought by the United States. The remedies provided in this section shall be in addition to, and not exclusive of, other remedies that may be available by law or in equity.

PROMOTION, RESEARCH AND NUTRITION EDUCATION

§ 1150.161 Promotion, research and nutrition education.

(a) The Board shall receive and evaluate, or on its own initiative develop, and submit to the Secretary for approval any plans or projects authorized in §§ 1150.139, 1150.140 and this section. Such plans or projects shall provide for:

(1) The establishment, issuance, effectuation, and administration of appropriate plans or projects for promotion, research and nutrition education with respect to milk and dairy products; and

(2) The establishment and conduct of research and studies with respect to the sale, distribution, marketing and utilization of milk and dairy products and the creation of new products thereof, to the end that marketing and utilization of milk and dairy products may be encouraged,

expanded, improved or made more acceptable. Included shall be research and studies of proposals intended to increase the use of fluid milk and dairy products by the military and by persons in developing nations and proposals intended to demonstrate the feasibility of converting nonfat dry milk to casein for domestic and export use.

(b) Each plan or project authorized under § 1150.161(a) shall be periodically reviewed or evaluated by the Board to insure that the plan or project contributes to an effective program of promotion, research and nutrition education. If it is found by the Board that any such plan or project does not further the purposes of the Act, the Board shall terminate such plan or project.

(c) No plan or project authorized under § 1150.161(a) shall make use of unfair or deceptive acts or practices with respect to the quality, value or use of any competing product.

REPORTS, BOOKS AND RECORDS

§ 1150.171 Reports.

Each producer marketing milk of that producer's own production directly to consumers and each person making payment to producers and responsible for the collection of the assessment under § 1150.152 shall be required to report at the time for remitting assessments to the Board such information as may be required by the Board or by the Secretary. Such information may include but not be limited to the following:

- (a) The quantity of milk purchased, initially transferred or which, in any other manner, are subject to the collection of the assessment;
- (b) The amount of assessment remitted;
- (c) The basis, if necessary, to show why the remittance is less than the number of hundredweights of milk multiplied by 15 cents; and
- (d) The date any assessment was paid.

§ 1150.172 Books and records.

Each person who is subject to this subpart, and other persons subject to § 1150.171, shall maintain and make available for inspection by employees of the Board and the Secretary such books and records as are necessary to carry out the provisions of this subpart and the regulations issued hereunder, including such records as are necessary to verify any reports required. Such records shall be retained for at least two years beyond the fiscal period of their applicability.

§ 1150.173 Confidential treatment.

All information obtained from such books, records or reports under the Act and this subpart shall be kept confidential by all persons, including employees and former employees of the Board, all officers and employees and all former officers and employees of the Department, and by all officers and employees and all former officers and employees of contracting agencies having access to such information, and shall not be available to Board members. Only those persons having a specific need

for such information in order to effectively administer the provisions of this subpart shall have access to such information. In addition, only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the discretion, or upon the request, of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving this subpart. Nothing in this section shall be deemed to prohibit:

(a) The issuance of general statements based upon the reports of the number of persons subject to this subpart or statistical data collected therefrom, which statements do not identify the information furnished by any person; and

(b) The publication, by direction of the Secretary, of the name of any person who has been adjudged to have violated this subpart, together with a statement of the particular provisions of the subpart violated by such person.

MISCELLANEOUS

§ 1150.181 Proceedings after termination.

(a) Upon the termination of this subpart, the Board shall recommend not more than five of its members to the Secretary to serve as trustees for the purpose of liquidating the affairs of the Board. Such persons, upon designation by the Secretary, shall become trustees of all the funds and property owned, in the possession of, or under the control of the Board, including unpaid claims or property not delivered or any other claim existing at the time of such termination.

(b) The said trustees shall:

(1) Continue in such capacity until discharged by the Secretary;

(2) Carry out the obligations of the Board under any contract or agreements entered into by it pursuant to § 1150.140(i);

(3) From time to time account for all receipts and disbursements and deliver all property on hand, together with all books and records of the Board and of the trustees, to such persons as the Secretary may direct; and

(4) Upon the request of the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such persons full title and right to all of the funds, property, and claims vested in the Board or the trustees pursuant to this subpart.

(c) Any person to whom funds, property, or claims have been transferred or delivered pursuant to this subpart shall be subject to the same obligation imposed upon the Board and upon the trustees.

(d) Any residual funds not required to defray the necessary expenses of liquidation shall be turned over to the Secretary to be used, to the extent practicable, in the interest of continuing one or more of the promotion, research or nutrition education plans or projects authorized pursuant to this subpart.

§ 1150.182 Effect of termination or amendment.

Unless otherwise expressly provided by the Secretary, the termination of this subpart or of any regulation issued pursuant hereto, or the issuance of any amendment to either thereof, shall not:

(a) Affect or waive any right, duty, obligation, or liability which shall have arisen or which may hereafter arise in connection with any provision of this subpart or any regulation issued thereunder;

(b) Release or extinguish any violation of this subpart or any regulation issued thereunder; or

(c) Affect or impair any rights or remedies of the United States, or of the Secretary, or of any person, with respect to any such violation.

§ 1150.183 Personal liability.

No member or employee of the Board shall be held personally responsible, either individually or jointly, in any way whatsoever to any person for errors in judgment, mistakes, or other acts of either commission or omission of such member or employee, except for acts of dishonesty or willful misconduct.

§ 1150.184 Patents, copyrights, inventions and publications.

Any patents, copyrights, trademarks, inventions or publications developed through the use of funds collected under the provisions of this subpart shall be the property of the U. S. Government as represented by the Board, and shall, along with any rents, royalties, residual payments, or other income from the rental, sale, leasing, franchising, or other uses of such patents, copyrights, inventions, or publications, inure to the benefit of the Board. Upon termination of this subpart, § 1150.181 shall apply to determine disposition of all such property.

§ 1150.185 Amendments.

The Secretary may from time to time amend provisions of this part. Any interested person or organization affected by the provisions of the Act may propose such amendments to the Secretary.

§ 1150.186 Separability.

If any provision of this subpart is declared invalid or the applicability thereof to any person or circumstances is held invalid, the validity of the remainder of this subpart or the applicability thereof to other persons or circumstances shall not be affected thereby.

§ 1150.187 Paperwork Reduction Act assigned number.

The information collection and recordkeeping requirements contained in §§ 1150.133, 1150.152, 1150.153, 1150.171, 1150.172, 1150.202, 1150.204, 1150.205, 1150.211 and 1150.273 of these regulations (7 CFR Part 1150) have been approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. Chapter 35 and have been assigned OMB Control Number 0581-0147.

Subpart - Procedure for Conduct of Referenda in Connection with the Dairy Promotion and Research Order

§ 1150.200 General.

Referenda to determine whether eligible producers favor the continuance, termination or suspension of the Dairy Promotion and Research Order shall be conducted in accordance with this subpart.

§ 1150.201 Definitions.

As used in this subpart:

(a) "Act" means Title I, Subtitle B, of the Dairy and Tobacco Adjustment Act of 1983, Pub. L. 98-180, 97 Stat. 1128, as approved November 29, 1983, and any amendments thereto.

(b) "Department" means the United States Department of Agriculture.

(c) "Secretary" means the Secretary of Agriculture of the United States or any other officer or employee of the Department to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in the Secretary's stead.

(d) "Administrator" means the Administrator of the Agricultural Marketing Service, with power to redelegate, or any officer or employee of the Department to whom authority has been delegated or may hereafter be delegated to act in the Administrator's stead.

(e) "Order" means the Dairy Promotion and Research Order, as amended.

(f) "Board" means the National Dairy Promotion and Research Board established pursuant to § 1150.131 of the order.

(g) "Assessment" means the assessments that are collected and remitted to the Board pursuant to § 1150.152 of the order.

(h) "Person" means any individual, group of individuals, partnership, corporation, association, cooperative or other entity, and, for the purpose of this subpart, shall include only one member of a family that owns or operates a dairy farm business unit.

(i) "Producer" means any person engaged in the production of milk for commercial use and whose milk is subject to an assessment. In the case of a producer who is other than an individual, the business unit shall be regarded as the producer.

(j) "Cooperative association" means any cooperative marketing association of producers which is organized under the provisions of the Act of Congress of February 18, 1922, known as the "Capper-Volstead Act."

(k) "Referendum agent" means the person designated by the Secretary to conduct the referendum.

(l) "Representative period" means the period designated by the Secretary pursuant to section 115 of the Act.

§ 1150.202 Associations eligible to vote.

(a) In conducting any referendum under the Act, the Secretary shall consider the approval or disapproval by any cooperative association engaged in a bona fide manner in marketing milk or the products thereof as the approval or disapproval of the producers who are members of or under contract with such cooperative association of producers. In order to be eligible to vote in a referendum, a cooperative association must:

(1) Certify to the referendum agent, in conjunction with casting its ballot, that the association is organized under the provisions of the "Capper-Volstead Act" and that it is engaged in a bona fide manner in marketing milk or the products thereof;

(2) Certify to the referendum agent, in conjunction with casting its ballot, the number of producers on whose behalf the cooperative association is casting a ballot, that such producers are members of or under contract with the cooperative association and that the association was engaged during the representative period in marketing the milk of each of the producers for whom the cooperative association claims the right to vote;

(3) Furnish to the referendum agent, in conjunction with casting its ballot, a copy of the resolution authorizing the casting of the ballot;

(4) Certify to the referendum agent, in conjunction with casting its ballot, that the cooperative association has complied with the requirements of paragraph (b) of this section; and

(5) Agree to make available to the referendum agent necessary records and information pertaining to the representative period to validate the eligibility of the cooperative association to vote and to verify the number and identity of the producers on whose behalf the cooperative association claims the right to vote.

(b) Not later than 30 days prior to the beginning of the referendum, each cooperative association that elects to vote on behalf of its producers shall furnish each producer with the following information:

(1) A description of the question(s) upon which the referendum is being held;

(2) A statement of how the cooperative association intends to vote on each question on behalf of producers for whom it claims the right to vote;

(3) The procedure to be followed by a producer to cast an individual ballot if the producer so chooses;

(4) The time period within which individual ballots must be cast; and

(5) An official ballot for use by the producer.

(c) Not later than 30 days prior to the beginning of the referendum, each cooperative association shall notify the referendum agent as to whether or not the association intends to vote on behalf of its producers.

§ 1150.203 Conduct of referendum.

The referendum shall be conducted by mail in the manner prescribed in this subpart. The referendum agent may utilize such personnel or agencies of the Department as are deemed necessary by the Administrator.

§ 1150.204 Who may vote.

(a) Each producer shall be entitled to only one vote in each referendum, and no person who may claim to be a producer shall be refused a ballot. Any producer casting more than one ballot with conflicting votes shall thereby invalidate all ballots cast by such producer in such referendum. Each ballot cast shall contain a certification by the person casting the ballot that such person is a producer. All information

required on the ballot pertinent to the identification of the person voting must be supplied and certified to as being correct for the representative period in order for the ballot to be valid.

(b) Any cooperative association meeting the requirements specified in § 1150.202 may, if it elects to do so, vote and cast one ballot for producers who are members of or under contract with such cooperative association. Any such cooperative association casting more than one ballot with conflicting votes shall thereby invalidate all ballots cast by such voter in such referendum.

(c) Voting by proxy or agent will not be permitted. However, a producer who is other than an individual may cast its ballot by a person who is duly authorized, and such ballot shall contain a certification by such person that the person on whose behalf the ballot is cast is a producer. All information required on the ballot pertinent to the identification of the person on whose behalf the ballot is cast must be supplied and certified to as being correct for the representative period in order for the ballot to be valid.

§ 1150.205 Duties of the referendum agent.

The referendum agent, in addition to any other duties imposed by this subpart, shall:

(a) Verify the eligibility of all producers and cooperative associations to vote in the referendum by reviewing all ballots cast to assure that each ballot:

- (1) Is mailed within the prescribed time;
- (2) Contains all certifications required attesting to the eligibility of each producer and cooperative association to vote; and
- (3) Is completed with respect to all necessary information pertinent to the identification of the person voting so that additional verification can be conducted by the referendum agent to substantiate the eligibility of each producer and cooperative association to vote.

(b) Conduct further verification, as necessary, to determine the eligibility of each producer and cooperative association to vote. Such verification may be completed by reviewing readily available sources of information, including the following:

- (1) Records of the Department;
- (2) Producers' records maintained and made available by persons responsible for remitting the assessment to the Board;
- (3) Producers' records maintained and made available by cooperative associations; and
- (4) Any other reliable sources of information which may be available to the referendum agent.

(c) Further verify ballots to avoid a duplication of votes. The following criteria shall serve as a guide:

- (1) In the case of a producer that is other than an individual, the business unit shall be regarded as a producer;
- (2) No person may vote more than once although such person may operate more than one farm, hold more than one health authority approval, or appear on the records of more than one person who is responsible for remitting an assessment to the Board;

(3) In the event that more than one individual of a family claims the right to vote and casts a ballot as a producer, concurring votes of such individuals shall be treated as one vote while any conflicting vote shall thereby invalidate all ballots cast by such individuals.

(4) In the event that an individual producer, who is a member of a cooperative association that votes on behalf of its members who are producers, casts an individual ballot under the circumstances specified in § 1150.202(b), the individual ballot shall be counted and the total number of producers for whom the cooperative association is voting shall be reduced accordingly; and

(5) Whenever more than one cooperative association claims the right to vote for a producer, only the cooperative association which furnishes evidence satisfactory to the referendum agent that such association was in fact marketing the milk of the producer on the date of the referendum order may vote for such producer.

§ 1150.206 Date of referendum.

A referendum shall be held:

(a) During the 60-day period immediately preceding September 30, 1985;

(b) At the direction of the Secretary at any time after September 30, 1985; or

(c) After September 30, 1985, upon the request of a representative group comprising 10 percent or more of the number of producers subject to the order. Cooperative associations that are entitled to vote on behalf of producers under § 1150.202 may file such request for a referendum.

§ 1150.207 Notice of referendum.

The referendum agent shall provide adequate notice of the referendum by:

(a) Mailing to each known cooperative association a notice of the referendum which shall include:

(1) Instructions for completing the ballot;

(2) A statement as to the time within which the ballot must be mailed to the referendum agent;

(3) A ballot containing a description of the question(s) upon which the referendum is being held;

(4) A description of the eligibility requirements for a cooperative association to vote on behalf of producers who are members of or under contract with such cooperative association;

(5) A description of the certifications that must be made by a cooperative association to cast a valid ballot on behalf of producers; and

(6) A description of the requirements of § 1150.202(b) for a cooperative association that elects to vote on behalf of its members who are producers.

(b) Generally make material and information widely available to producers through the Department and other means. Such information shall include a notice of referendum and include:

(1) Instructions for completing the ballot;

(2) A statement as to the time within which ballots must be mailed to the referendum agent;

(3) A ballot containing a description of the question(s) upon which the referendum is being held;

(4) A description of the eligibility requirements for producers to vote; and

(5) A description of the certifications that must be made by a producer to cast a valid ballot.

(c) Give public notice of the referendum:

(1) By furnishing press releases and other information to available media of public information (including but not limited to press, radio, and television facilities) announcing the time within which ballots must be completed and mailed to the referendum agent, eligibility requirements, required certifications to cast a valid ballot, where additional information, ballots and instructions may be obtained, and other pertinent information; and

(2) By such other means as the referendum agent may deem advisable.

§ 1150.208 Time for voting.

There shall be no voting except within the time specified by the referendum agent.

§ 1150.209 Tabulation of ballots.

(a) The referendum agent shall verify the validity of all ballots cast in accordance with the instructions and requirements specified in §§ 1150.202, 1150.204, 1150.205, and 1150.208. Ballots that are not valid shall be marked "disqualified" with a notation on the ballot as to the reason for the disqualification.

(b) The total number of ballots cast, including the disqualified ballots, shall be ascertained. The number of ballots cast approving and the number of ballots cast disapproving shall also be ascertained. The ballots marked "disqualified" shall not be considered as approving or disapproving, and the persons who cast such ballots shall not be regarded as participating in the referendum.

(c) The referendum agent shall notify the Administrator of the number of ballots cast, the count of the votes, and the number of disqualified ballots. The referendum agent shall seal the ballots, including those marked "disqualified," the tabulation of ballots and the count of the vote, and shall transmit to the Administrator a complete detailed report of all actions taken in connection with the referendum together with all ballots cast and all other information furnished to or compiled by the referendum agent.

(d) Announcement of the results of the referendum will be made only at the direction of the Secretary. The referendum agent, or others who assist in the referendum, shall not disclose the results of the referendum or the total number of ballots and votes cast.

§ 1150.210 Confidential information.

The ballots cast, the identity of any person who voted, or the manner in which any person voted and all information furnished to, compiled by, or in the possession of the referendum agent, shall be regarded as confidential.

§ 1150.211 Supplementary instructions.

The Administrator is authorized to issue instructions and to prescribe forms and ballots, not inconsistent with the provisions of this subpart, to govern the conduct of referenda by referendum agents.

§ 1150.212 Submittals or requests.

Interested persons may secure information or make submittals or requests to the Administrator with respect to the provisions contained in this subpart.

Subpart - Rules of Practice Governing Proceedings on Petitions to Modify or to be Exempted From an Order

§ 1150.250 Words in the singular form.

Words in this subpart in the singular form shall be deemed to import the plural, and vice versa, as the case may demand.

§1150.251 Definitions.

As used in this subpart:

- (a) "Act" means Title I, Subtitle B, of the Dairy and Tobacco Adjustment Act of 1983, Pub.L. 98-180, 97 Stat. 1128, as approved November 29, 1983, and any amendments thereto;
- (b) "Department" means the United States Department of Agriculture;
- (c) "Secretary" means the Secretary of Agriculture of the United States, or any officer or employee of the Department to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in the Secretary's stead;
- (d) "Judge" means any administrative law judge in the Office of Administrative Law Judges, United States Department of Agriculture;
- (e) "Administrator" means the Administrator of the Department's Agricultural Marketing Service, or any officer or employee of the Department to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in the Administrator's stead;
- (f) "Federal Register" means the publication provided for by the Federal Register Act, approved July 26, 1935 (44 U.S.C. 1501-1511), and acts supplementing and amending it;
- (g) "Order" means any regulation or any amendment thereto which may be issued pursuant to the Act;

(h) "Person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity subject to an order or to whom an order is sought to be made applicable, or on whom an obligation has been imposed or is sought to be imposed under an order;

(i) "Proceeding" means a proceeding before the Secretary arising under Section 118 (a) of the Act;

(j) "Hearing" means that part of the proceeding which involves the submission of evidence;

(k) "Party" includes the Department;

(l) "Hearing clerk" means the hearing clerk, United States Department of Agriculture, Washington, D.C.;

(m) "Presiding officer" means the administrative law judge conducting a proceeding under the Act;

(n) "Presiding officer's report" means the presiding officer's report to the Secretary and includes the presiding officer's proposed (1) findings of fact and conclusions with respect to all material issues of fact, law or discretion, as well as the reasons or basis therefor, (2) order, and (3) rulings on findings, conclusions and orders submitted by the parties; and

(o) "Petition" includes an amended petition.

§ 1150.252 Institution of proceeding.

(a) Filing and service of petitions. Any person subject to an order desiring to complain that any order or any provision of any such order or any obligation imposed in connection therewith is not in accordance with law, shall file with the hearing clerk, five copies of a petition in writing addressed to the Secretary, requesting a modification of such order or to be exempted from such order. Promptly upon receipt of the petition, the hearing clerk shall transmit a true copy thereof to the Administrator and the Department's General Counsel, respectively.

(b) Contents of petitions. A petition shall contain:

(1) The correct name, address, and principal place of business of the petitioner. If the petitioner is a corporation, such fact shall be stated, together with the name of the State of incorporation, the date of incorporation, and the names, addresses, and respective positions held by its officers and directors; if an unincorporated association, the names and addresses of its officers, and the respective positions held by them; if a partnership, the name and address of each partner;

(2) Reference to the specific terms or provisions of the order, or the interpretation or application thereof, which are complained of;

(3) A full statement of the facts (avoiding a mere repetition of detailed evidence) upon which the petition is based, and which it is desired that the Secretary consider, setting forth clearly and concisely the nature of the petitioner's business and the manner in which petitioner claims to be affected by the terms or provisions of the order or the interpretation or application thereof, which are complained of;

(4) A statement of the grounds on which the terms or provisions of the order or the interpretation or application thereof, which are complained of, are challenged as not in accordance with law; and

(5) Requests for the specific relief which the petitioner desires the Secretary to grant.

(c) An application to dismiss petition - Filing, contents, and responses thereto. If the Administrator is of the opinion that the petition, or any portion thereof, does not substantially comply, in form or content, with the Act or with the requirements of paragraph (b) of this section, the Administrator may, within 30 days after the filing of the petition, file with the hearing clerk an application to dismiss the petition, or any portion thereof, on one or more of the grounds stated in this paragraph. Such application shall specify the grounds of objection to the petition and if based, in whole or in part, on allegations of fact not appearing on the face of the petition, shall be accompanied by appropriate affidavits or documentary evidence substantiating such allegations of fact. The application may be accompanied by a memorandum of law. Upon receipt of such application, the hearing clerk shall cause a copy thereof to be served upon the petitioner, together with a notice stating that all papers to be submitted in opposition of such application, including any memorandum of law, must be filed by the petitioner with the hearing clerk not later than 20 days after the service of such notice upon the petitioner. Upon the expiration of the time specified in such notice, or upon receipt of such papers from the petitioner, the hearing clerk shall transmit all papers which have been filed in connection with the application to the Secretary for his consideration.

(d) Further proceedings. Further proceedings on petitions to modify or to be exempted from any order shall be governed by §§ 900.52(c)(2) through 900.71 of this title (Rules of Practice Governing Proceedings on Petitions To Modify or to Be Exempted From Marketing Orders) and as may hereafter be amended, and the same are incorporated herein and made a part hereof by reference. However each reference to "marketing order" in the title shall mean "order."

Subpart - Procedure for Certification of Milk Producer Organizations

§ 1150.270 General.

Organizations must be certified by the Secretary that they are eligible to represent milk producers and to participate in the making of nominations of milk producers to serve as members of the National Dairy Promotion and Research Board as provided in the Dairy and Tobacco Adjustment Act of 1983. Certifications of eligibility required of the Secretary shall be conducted in accordance with this subpart.

§ 1150.271 Definitions.

As used in this subpart:

(a) "Act" means Title I, Subtitle B, of the Dairy and Tobacco Adjustment Act of 1983, Pub. L. 98-180, 97 Stat. 1128, as approved November 29, 1983, and any amendments thereto;

- (b) "Department" means the United States Department of Agriculture;
- (c) "Secretary" means the Secretary of Agriculture of the United States, or any officer or employee of the Department to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in the Secretary's stead;
- (d) "Dairy Division" means the Dairy Division of the Department's Agricultural Marketing Service;
- (e) "Producer" means any person engaged in the production of milk for commercial use;
- (f) "Dairy products" means products manufactured for human consumption which are derived from the processing of milk, and includes fluid milk products; and
- (g) "Fluid milk products" means those milk products normally consumed in liquid form as a beverage.

§ 1150.272 Responsibility for administration of regulations.

The Dairy Division shall have the responsibility for administering the provisions of this subpart.

§ 1150.273 Application for certification.

Any organization whose membership consists primarily of milk producers may apply for certification. Applicant organizations should supply information for certification using as a guide "Application for Certification of Organizations," Form DA-26. Form DA-26 may be obtained from the Dairy Division, Agricultural Marketing Service, United States Department of Agriculture, Washington, D.C. 20250.

§ 1150.274 Certification standards.

(a) Certification of eligible organizations shall be based, in addition to other available information, on a factual report submitted by the organization, which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including the following:

- (1) Geographic territory covered by the organization's active membership;
- (2) Nature and size of the organization's active membership including the total number of active milk producers represented by the organization;
- (3) Evidence of stability and permanency of the organization;
- (4) Sources from which the organization's operating funds are derived;

- (5) Functions of the organization; and
- (6) The organization's ability and willingness to further the aims and objectives of the Act.

(b) The primary considerations in determining the eligibility of an organization shall be whether its membership consists primarily of milk producers who produce a substantial volume of milk, and whether the primary or overriding interest of the organization is in the production or processing of fluid milk and dairy products and promotion of the nutritional attributes of fluid milk and dairy products.

(c) The Secretary shall certify any organization which he finds meets the criteria under this section and his determination as to eligibility shall be final.

§ 1150.275 Inspection and investigation.

The Secretary shall have the right, at any time after an application is received from an organization, to examine such books, documents, papers, records, files, and facilities of an organization as he deems necessary to verify the information submitted and to procure such other information as may be required to determine whether the organization is eligible for certification.

§ 1150.276 Review of certification.

Certifications issued pursuant to this subpart are subject to termination or suspension if the organization does not currently meet the certification standards. A certified organization may be requested at any time to supply the Dairy Division with such information as may be required to show that the organization continues to be eligible for certification. Any information submitted to satisfy a request pursuant to this section shall be subject to inspection and investigation as provided in § 1150.275.

§ 1150.277 Listing of certified organizations.

A copy of each certification shall be furnished by the Dairy Division to the respective organization. Copies also shall be filed in the Dairy Division where they will be available for public inspection.

§ 1150.278 Confidential treatment.

All documents and other information submitted by applicant organizations and otherwise obtained by the Department by investigation or examination of books, documents, papers, records, files, or facilities shall be kept confidential by all employees of the Department. Only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in the issuance of general statements based upon the applications of a number of persons, which do not identify the information furnished by any one person.

APPENDIX 4

STATE OR REGIONAL DAIRY PRODUCT PROMOTION, RESEARCH, OR
NUTRITION-EDUCATION PROGRAMS QUALIFIED PURSUANT TO SECTION 1150.153 OF
THE DAIRY PROMOTION AND RESEARCH ORDER

August 1, 1986

Allied Milk Producers, Inc. RD 4 - Box 290 Edensburg, PA 15931	American Dairy Association of Nebraska c/o Carlyle C. Ring, Jr. 710 Ring Bldg. 1200 18th Street, N.W. Washington, DC 20036
American Dairy Association and Dairy Council, Inc. 472 South Salina St. Empire Building Syracuse, NY 13202	American Dairy Association of North Carolina 2300 West Meadowview Rd. - #106 Greensboro, NC 27407
American Dairy Association of Alabama 322 Alabama Street Montgomery, AL 36104	American Dairy Association of South Carolina 2300 West Meadowview Rd. - #106 Greensboro, NC 27407
American Dairy Association of Georgia 1777 Phoenix Parkway, Suite 101 Atlanta, GA 30349	American Dairy Association of South Dakota 619 - 5th Avenue Brookings, SD 57006-1498
American Dairy Association of Illinois 1 West Front St., PO Box 116 El Paso, IL 61738	American Dairy Association of Tennessee 2807 Foster Avenue Nashville, TN 37210
American Dairy Association of Indiana, Inc. 9360 Castlegate Drive Indianapolis, IN 46256	American Dairy Association of Virginia 2300 West Meadowview Rd. - #106 Greensboro, NC 27407
American Dairy Association of Kentucky 3901 Atkinson Drive, Suite 115 Louisville, KY 40218	Associated Milk Producers, Inc. Mid-States Region 830 North Meacham Road Schaumburg, IL 60195
American Dairy Association of Michigan 3000 Vine Street Lansing, MI 48912	Associated Milk Producers, Inc. Southern Region Consumer Services Division PO Box 5040 Arlington, TX 76005
American Dairy Association of Mississippi 1050 North Slowood Drive Office Suite B-4 Jackson, MS 39208	Atlantic Dairy Association 1225 Industrial Highway Southampton, PA 18966

California Manufacturing Milk
Producers Advisory Board
PO Box 4680
Modesto, CA 95352

California Milk Producers
Advisory Board
PO Box 4680
Modesto, CA 95352

Dairy and Food Nutrition
Council of the Southeast, Inc.
1777 Phoenix Parkway - Suite 101
Atlanta, GA 30349

Dairy and Food Nutrition
Council of the Southeast, Inc.
- Upper Chesapeake Bay Division
9030 Red Branch Road
Brantley Building - Suite 120
Columbia, MD 21045

Dairy Council, Inc.
101 NE Trilein
Ankeny, IA 50021

Dairy Council, Inc.
9360 Castlegate Drive
Indianapolis, IN 46256

Dairy Council, Inc.
1225 Industrial Highway
PO Box 129
Southampton, PA 18966

Dairy Council - Niagara
Frontier Area, Inc.
2451 Wehrle Drive
Buffalo, NY 14221-7192

Dairy Council of Arizona, Inc.
United Dairymen of Arizona
2008 South Hardy Drive
Tempe, AZ 85282

Dairy Council of California
601 North Market Blvd., Ste. 300
Sacramento, CA 95834

Dairy Council of Central
States, Inc.
75th & Main Streets
Suite 103 Hillcrest Landing
Ralston, NB 68127

Dairy Council of Greater
Kansas City
5200 East 45th Street
Kansas City, MO 64130

Dairy Council of Greater
Metro Washington, Inc.
7315 Wisconsin Avenue
Bethesda, MD 20814

Dairy Council of Metropolitan
New York
60 East 42nd St., Room 2446
New York, NY 10165-0190

Dairy Council of Michigan
30600 Telegraph Road
Suite 3380
Birmingham, MI 48010

Dairy Council of Northern
Indiana, Inc.
501 East Monroe
South Bend, IN 46601

Dairy Council of Rochester, Inc.
247 North Goodman Street
Rochester, NY 14607

Dairy Council of Utah
1213 East 2100 South
Salt Lake City, UT 84106

Dairy Council of Vermont
99 Industrial Avenue
Williston, VT 05495

Dairy Council of Wisconsin
13000 West Bluemound Road
Elm Grove, WI 53122

Dairy Farmers, Inc.
5600 Diplomat Circle - #110
Orlando, FL 32810

Dairy Food and Nutrition
Council, Inc.
Heritage Bank Building
2 Ridgedale Avenue
Cedar Knolls, NJ 07927

Dairy Nutrition Council
Six North Michigan Avenue
Suite 807
Chicago, IL 60602

Dairy Promotion Committee
South Side Station
PO Box 1837
Springfield, MO 65805

Federal Order #4 Advertising
and Promotion Agency
216 Carroll Building
8600 LaSalle Road
Towson, MD 21204

Federal Order #36 Advertising
and Promotion Agency
110 South Court Street
Marysville, OH 43040

Federal Order #49 Advertising
and Promotion Agency
9360 Castlegate Drive
Indianapolis, IN 46256

Federal Order #64 Advertising
and Promotion Agency
PO Box 4844
Overland Park, KS 66204

Federal Order #65 Advertising
and Promotion Agency
PO Box 4844
Overland Park, KS 66204

Georgia Agricultural Commodity
Commission for Milk
19 Martin Luther King, Jr., Drive
Capitol Square - Room 326
Atlanta, GA 30334

Granite State Dairy Promotion
c/o New Hampshire Department
of Agriculture
Caller Box 2042
Concord, NH 03301

Idaho Dairy Products Commission
a.k.a. United Dairymen of Idaho
1365 North Orchard - Suite 203
Boise, ID 83706

Illinois and Greater St. Louis
Promotion Agency
1701 Towanda Avenue
PO Box 2901
Bloomington, IL 61701
(formerly known as Federal
Order #32 and #50 Promotion
Committee)

Illinois Milk Promotion Board
1701 Towanda Avenue
Bloomington, IL 61701

Inter-State Milk Producers'
Cooperative
Altoona/Huntingdon/State College
Secondary Market
Advertising and Promotion Program
1225 Industrial Highway
Southampton, PA 18966

Louisiana Dairy Industry
Promotion Board
Louisiana Department of
Agriculture - Dairy Division
PO Box 44456
Capitol Station, LA 70804

Maine Dairy and Nutrition Council
State House Station 97
Augusta, ME 04333-0097

Maine Dairy Promotion Board
State House Station 97
Augusta, ME 04333-0097

Michigan Dairymen's Market
Program Committee
PO Box 5087
Southfield, MI 48086-5087

Mid East United Dairy
Industry Association
110 South Court Street
Marysville, OH 43040

Midland United Dairy
Industry Association
101 NE Trilein
Ankeny, IA 50021

Milk for Health on the
Niagara Frontier, Inc.
4085 Seneca Street
West Seneca, NY 14224

Milk Promotion Services, Inc.
149 State Street
Montpelier, VT 05602

Milk Promotion Services of
Indiana
9360 Castlegate Drive
Indianapolis, IN 46256

Minnesota Dairy Research and
Promotion Council
2015 Rice Street
St. Paul, MN 55113

Nevada Farm Bureau Dairy
Producers' Committee
1300 Marietta Way
Sparks, NV 89431

New Jersey Dairy Industry
Advisory Council
c/o NJ Dept. of Agric. - CN 330
Trenton, NJ 08625

New York State Department
of Agriculture
Division of Dairy Industry
Services (Dairy Promotion)
I Winners Circle, Capital Plaza
Albany, NY 12235

North Dakota Dairy Promotion
Commission
4023 N. State Street
Bismarck, ND 58501

Nutrition Education Service
Oregon Dairy Council
10505 SW Barbur Boulevard
Portland, OR 97219

Oregon Dairy Products Commission
10505 SW Barbur Boulevard
Portland, OR 97219

Pennsylvania Milk Promotion
and Marketing Program
c/o PA Department of Agriculture
Bureau of Markets
2301 North Cameron Street
Harrisburg, PA 17110-9408

Promotion Services, Inc.
1777 Phoenix Parkway, Suite #101
Atlanta, GA 30349

Rochester Health Foundation, Inc.
900 Jefferson Road, Room 106
Rochester, NY 14623

South Jersey Dairy Industry
Advisory Council
c/o NJ Dept. of Agric. - CN 330
Trenton, NJ 08625

Southeast United Dairy Industry
Association, Inc.
1777 Phoenix Parkway, Suite #101
Atlanta, GA 30349

St. Louis District Dairy Council
8710 Manchester Road
St. Louis, MO 63144

State Dairy Council
c/o Vermont Dept. of Agriculture
116 State Street
Montpelier, VT 05602

Tennessee Dairy Promotion
Committee
2807 Foster Avenue
Nashville, TN 27210

The New England Dairy and
Food Council
1034 Commonwealth Avenue
Boston, MA 00215

Utah Dairy Commission
1213 East 2100 South
Salt Lake City, UT 84106

Vermont Dairy Industry Council
c/o Vermont Dept. of Agriculture
116 State Street
Montpelier, VT 05602

Washington State Dairy Council
3830 Stone Way North
Seattle, WA 98103

Washington State Dairy Products
Commission
1107 NE 45th Street, Room 205
Seattle, WA 98105

Western Dairy Farmers' Promotion
Association
12450 North Washington
Thornton, CO 80241

Wisconsin Milk Marketing
Board, Inc.
4337 West Beltline Highway
Madison, WI 53711

APPENDIX 5

MEMBERS OF THE NATIONAL DAIRY PROMOTION AND RESEARCH BOARD, 1986-87

<u>Name</u>	<u>Region*</u>	<u>Term Expires</u> <u>April 30</u> (Year)
Fred J. Cockram	1	1989
Louis R. Calcagno	2	1988
Manuel Santos, Jr.	2	1987
Tom Sawyer	2	1989
Pete J. Vander Poel	2	1989
Barbara B. Curti	3	1987
Don Lynn Meikle	3	1988
Louis Hinders	4	1989
Ivan K. Strickler	4	1987
Robert LeRoy Gee	5	1988
George Rydeen	5	1988
Claire A. Sandness	5	1989
Leslie Winters	5	1987
Donald R. Haldeman	6	1988
John A. Malcheski	6	1988
Daniel J. Rodenkirch	6	1987
Charles Russell	6	1989
Audrey Sickinger	6	1989
Gerald R. Sipple	6	1987
Ardath DeWall	7	1988
Lester M. Evans	7	1989
G. Joe Lyon	7	1987
Harry Eugene Pickering	8	1988
Ruth M. Robinson	8	1987
Herman M. Brubaker	9	1987
Glenn E. Johnson	9	1988
Elton R. Smith	9	1989
W. Charles McGinnis	10	1988
John Peter DeJong	10	1989
Keith W. Eckel	11	1989
Earl Forwood	11	1988
Walter A. Martz	11	1987
Carl E. Butler	12	1987
David M. Dodge	12	1989
John N. Widger	12	1988
Robert P. Davis	13	1987

*See Figure 2.1 for a map of the U.S. showing the 13 regions.

APPENDIX 6

NATIONAL DAIRY PROMOTION AND RESEARCH BOARD
OFFICERS AND PROFESSIONAL STAFF, 1986

Office Address

2111 Wilson Boulevard, Suite 600
Arlington, VA 22201
Tel.: 703-528-4800

Officers

Chairman
Vice Chairman
Secretary
Treasurer

Ivan K. Strickler (Kansas)
Louis Calcagno (California)
John A. Malcheski (Wisconsin)
John N. Widger (New York)

Professional Staff

Chief Executive Officer
Senior Vice President,
 Finance and Administration
Senior Vice President,
 Marketing and Evaluation
Senior Vice President,
 Planning and Operations
Vice President, Public Affairs
Vice President, Product
 Research and Development
Vice President,
 Nutrition Programs
Manager, Advertising Programs
Manager, Administrative Services
Manager, Board and Executive
 Activities
Manager, Evaluation Programs
Manager, Financial Accounting
Manager, Industry Communications
Manager, Strategic Planning and
 Export Programs
Director, Collections and Compliance

Joseph J. Westwater
Richard Baccante

George E. de Jager

Steve A. Halbrook

Ron Hamel
Marlin C. Harman

Edith H. Hogan

Nadine S. Alemian
Robyn L. McKay
Debra T. Dillon

Kathryn M. McHugh
Catherine G. Gallant
Kathleen M. Felix
Daniel L. Cassidy

Ben C. Weaver

APPENDIX 7

NUTRITION-RESEARCH PROJECTS, 1986*

Key to Research Areas (Column A)

- 1 - The Role of Calcium and Health Promotion
 - 1a) - Calcium and Bone Health
 - 1b) - Calcium and Hypertension
 - 1c) - Other Calcium Issues
- 2 - Dairy Food Sensitivity - Physiological and Behavioral Aspects
- 3 - Diet and Cancer with Attention to Issues Involving Dairy Foods
- 4 - Diet and Heart Disease with Attention to Issues Involving Dairy Foods
- 5 - Health Issues - Pro & Con - Associated with Increased Consumption of Dairy Foods
- 6 - Nutrient Bioavailability and Interactions
- 7 - Expansion of Data Base on Nutritional Value of Cultured Dairy Foods
- 8 - Special Nutrient and Micro-Constituent Properties of Dairy Foods

Key to Funding Sources (Column B)

- 1 - Funded by National Dairy Council/UDIA
- 2 - Funded by the National Dairy Promotion and Research Board
- 3 - Funded by NDPRB and Milk Promotion Services, Inc.
- 4 - Funded by Wisconsin Milk Marketing Board
- 5 - Funded by Dairy Council of California
- 6 - Funded by Midland UDIA
- * - New project, initiated in 1986
- () - Funding completed in 1985 or 1985/86. Final reports pending.

Total Projects - 102

<u>A</u>	<u>B</u>
Res. Area	Fund. Key

1a	2	<u>John J. B. Anderson, Ph.D. and Roy V. Talmage, Ph.D.,</u> University of North Carolina, Chapel Hill, North Carolina - "Dietary Calcium Intakes and Bone Mineral Density in College-Age Women"
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*All of the nutrition-research projects listed are administered by the National Dairy Council.

<u>A</u>	<u>B</u>
Res.	Fund.
<u>Area</u>	<u>Key</u>

- | | | |
|----|-------|--|
| 6 | 2 | <u>H. James Armbrecht, Ph.D.</u> , St. Louis University School of Medicine, St. Louis, Missouri - "Age and the Enhancement of Mineral Absorption by Milk Constituents" |
| 2 | *2 | <u>Dan Atkins, M.D.</u> and <u>S. Allan Bock, M.D.</u> , National Jewish Center for Immunology and Respiratory Medicine, Denver, Colorado - "An Investigation of the Relationship Between the Ingestion of Specific Foods and the Development of Migraine Headaches in Children" |
| 1a | 2 | <u>Daniel T. Baran, M.D.</u> , University of Massachusetts Medical Center, Worcester, Massachusetts - "Efficacy of Oral Calcium Supplementation (Dairy Foods) in the Prevention of Age-Related Bone Loss in Premenopausal Women" |
| 1c | 2 | <u>David J. Baylink, M.D.</u> , Loma Linda University, Loma Linda, California - "Maternal Calcium Requirements During Pregnancy and Lactation" |
| 4 | *2 | <u>Donald C. Beitz, Ph.D.</u> , Iowa State University, Ames, Iowa - "Mechanism of Calcium and Vitamin D ₃ in Regulation of Cholesterol Homeostasis" |
| 4 | 6 | <u>Donald C. Beitz, Ph.D.</u> , and <u>Jerry W. Young, Ph.D.</u> , Iowa State University, Ames, Iowa - "Influence of Dried Skim Milk and Butter on Cholesterol Uptake by Tissues" |
| 4 | *4 | <u>Donald C. Beitz, Ph.D.</u> , and <u>Jerry W. Young, Ph.D.</u> , Iowa State University, Ames, Iowa - "Cholesterol-Free Milk and Dairy Products" |
| 8 | 5 | <u>Richard A. Bernhard, Ph.D.</u> , University of California, Davis, California - "The Application of High Performance Liquid Chromatography to Problems in Dairy Science" |
| 3 | 1 | <u>John S. Bertram, Ph.D.</u> , University of Hawaii, Honolulu, Hawaii - "B-Carotene: Role as Cancer Preventive Agent" |
| 5 | 1 | <u>William H. Bowen, B.D.S., Ph.D.</u> , University of Rochester Medical Center, Rochester, New York - "Influence of Dairy Products on Oral Health" |
| 1a | 2 | <u>A. Manon Brenner, M.D.</u> , National Jewish Hospital and Research Center/National Asthma Center, Denver, Colorado - "The Role of Dietary Calcium in Attenuating Osteoporosis in Steroid-Treated Asthmatic Children" |
| 6 | (2,5) | <u>George M. Briggs, Ph.D.</u> , University of California, Berkeley, California - "The Bioavailability of |

A B
Res. Fund.
Area Key

- Nutrients from Dairy Foods, Fabricated Dairy Foods and Nutrient Supplements with Emphasis on Calcium"
- 8 5 John C. Bruhn, Ph.D., University of California, Davis, California - "Milk and Dairy Foods Quality"
- 6 2 Mona Schiess Calvo, Ph.D. and Hunter Heath III, M.D., Mayo Clinic and Foundation, Rochester, Minnesota - "The Effects of High Phosphorus Intake on Mineral Regulating Hormone Response in Humans"
- 1a 2 Christopher E. Cann, Ph.D., University of California-San Francisco, San Francisco, California - "Dietary Calcium, Reproductive Endocrine Status, and the Athletic Woman"
- 1a 1 Gary M. Chan, M.D., University of Utah, Salt Lake City, Utah - "Calcium and Bone Mineral Status of Children and Adolescents"
- 7 *4 George W. Chang, Ph.D., University of California-Berkeley, Berkeley, California - "Documenting the Health Benefits of Yogurt: Maintenance of Gut Integrity"
- 7 *2 Tung-Shan Chen, Ph.D. and Christine H. Smith, Ph.D., California State University, Northridge, California - "Folacin in Cultured Dairy Products"
- 1a 4 Russell W. Chesney, M.D., University of California, Davis, California - "The Effect of Dietary Milk Supplementation on Linear Growth and Bone Mineralization in Adolescent Females Experiencing Rapid Growth Velocity"
- 2 1 John W. Crayton, M.D., University of Chicago, Chicago, Illinois - "Behavioral and Immunological Reactions to Milk"
- 5 2 Elizabeth J. Dial, Ph.D. and Lenard M. Lichtenberger, Ph.D., University of Texas Health Science Center, Houston, Texas - "The Role of Milk Lipids in Gastric Cytoprotection"
- 1a 2 Barbara L. Drinkwater, Ph.D., Pacific Medical Center, Seattle, Washington - "Role of Calcium and Estrogen in Reversing Bone Loss in Exercise-Associated Amenorrheic Athletes"
- 1a 2 William J. Evans, Ph.D., Human Nutrition Research Center on Aging at Tufts University, Boston, Massachusetts - "The Role of Calcium and Physical Activity in the Prevention of Age-Related Loss in Bone Density"

<u>A</u>	<u>B</u>
Res.	Fund.
<u>Area</u>	<u>Key</u>

- | | | |
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| 5 | 1 | <u>John D.B. Featherstone, Ph.D.</u> , Eastman Dental Center, Rochester, New York - "Remineralizing Potential of Cheese and Cheese Extracts" |
| 3 | *2 | <u>Gabriel Fernandes, Ph.D.</u> , University of Texas Health Science Center at San Antonio, San Antonio, Texas - "Effect of Dietary Fatty Acids on Skin Cancer" |
| 1b | 4 | <u>Madeline Fay Ferrell, Ph.D.</u> , University of California, Davis, California - "The Relationship Between Dietary Calcium, Sodium Ratios and Blood Pressure: A Developmental Study in the Dahl S Rat, A Model for Low Renin Salt-Sensitive Hypertension" |
| 6 | *4 | <u>Hans Fisher, Ph.D.</u> , Rutgers University, New Brunswick, New Jersey - "The Comparative Value of Milk Calcium Versus Calcium Carbonate in Relation to Calcium Absorption and Gastric Acid Secretion" |
| 1b | (2) | <u>Elizabeth A. Fox, Ph.D., R.D.</u> , Texas Tech University, Lubbock, Texas - "Dietary Calcium and Human Hypertension" |
| 5 | *2 | <u>Mary C. Gannon, Ph.D.</u> , V.A. Medical Center, Minneapolis, Minnesota - "Stimulation of Insulin Secretion by Milk in Persons with Non-Insulin Dependent Diabetes (Type II)" |
| 4 | 4 | <u>Stanley E. Gilliland, Ph.D.</u> , Oklahoma State University, Stillwater, Oklahoma - "Hypocholesterolemic Activity of <u>Lactobacillus acidophilus</u> and Whey Components" |
| 6 | 2 | <u>Janet L. Greger, Ph.D.</u> , University of Wisconsin, Madison, Wisconsin - "Effect of Milk versus Calcium and Phosphorus Supplements on Calcium, Phosphorus and Trace Element Utilization" |
| 6 | 4 | <u>Janet L. Greger, Ph.D.</u> , University of Wisconsin, Madison, Wisconsin - "Effect of Milk versus Calcium and Phosphorus Supplements on Calcium, Phosphorus and Trace Element Utilization" |
| 6 | *4 | <u>Janet L. Greger, Ph.D.</u> , University of Wisconsin, Madison, Wisconsin - "Sodium, Potassium, Calcium, Magnesium and Chloride Metabolism of Human Subjects Fed Milk and Calcium Supplements" |
| 1a | *2 | <u>Helen E. Gruber, Ph.D.</u> , University of Southern California, Los Angeles, California - "The Influence of Low Calcium Intake on Skeletal Changes Associated with Pregnancy and Lactation" |

<u>A</u> Res. Area	<u>B</u> Fund. Key	
5	1	<u>K. C. Hayes, D.V.M., Ph.D.</u> , Brandeis University, Waltham, Massachusetts - "Lactose Depression of Cholesterol Synthesis and Gallstones"
1a	2	<u>Robert P. Heaney, M.D.</u> , Creighton University, Omaha, Nebraska - "Anion Effects of Calcium Supplements on Bone and Calcium Metabolism"
4	1	<u>Ross P. Holmes, Ph.D.</u> , University of Illinois at Urbana-Champaign, Urbana, Illinois - "The Relationship Between 26-Hydroxycholesterol and the Development of Atherosclerosis"
8	*5	<u>Dennis Hsieh, Ph.D.</u> , University of California, Davis, California - "Risk Assessment and Risk Reduction of Aflatoxin M ₁ in Milk"
1b	2	<u>Chen-Hsing Hsu, M.D.</u> , University of Michigan Medical Center, Ann Arbor, Michigan - "Calcium and Phosphate Metabolism in Hypertension"
5	1	<u>Mark E. Jensen, D.D.S., Ph.D.</u> , University of Iowa, Iowa City, Iowa - "Anti-Caries Effects of Dairy Products - A Human Experimental Caries Model"
6	2	<u>Janet C. King, Ph.D.</u> , University of California, Berkeley, California - "Calcium, Iron and Zinc Status of Southeast Asian Pregnant and Lactating Women Ingesting Either Dairy Foods or Calcium Supplements"
6	*2	<u>Deborah E. Kipp, Ph.D., R.D.</u> , University of Kansas Medical Center, Kansas City, Kansas - "Influence of Ascorbic Acid on Bone Formation and Calcium Transport"
3	1	<u>David Kritchevsky, Ph.D.</u> , The Wistar Institute, Philadelphia, Pennsylvania - "Influence of Caloric Restriction on Experimental Carcinogenesis"
8	3	<u>Arthur S. Kunin, M.D.</u> , University of Vermont, Burlington, Vermont - "The Properties of Milk Ribonuclease II Isoenzymes"
1b	2	<u>John H. Laragh, M.D.</u> and <u>Lawrence M Resnick, M.D.</u> , Cornell University Medical College, New York, New York - "Calcium in the Treatment and Prevention of High Blood Pressure"
1c	2	<u>Moshe Levi, M.D.</u> , University of Texas Health Science Center, Dallas, Texas - "Role of Dietary Calcium in Acute Renal Failure in the Young and the Aged: Cellular and Hemodynamic Events"

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| 1b | 2 | <u>Moshe Levi, M.D.</u> , University of Texas Health Science Center, Dallas, Texas - "Role of Dietary Calcium in Hypertension: Cellular and Hemodynamic Events" |
| 4 | 1 | <u>Jon C. Lewis, Ph.D.</u> , Bowman Gray School of Medicine of Wake Forest University, Winston-Salem, North Carolina - "Dietary Fat and Platelet Function During Pediatric Development" |
| 3 | *2 | <u>Martin Lipkin, M.D.</u> , Memorial Sloan-Kettering Cancer Center, New York, New York - "Inhibiting Development of Colon Cancer by Dietary Calcium" |
| 1b | 2 | <u>Friedrich C. Luft, M.D.</u> , Indiana University School of Medicine, Indianapolis, Indiana - "Electrolyte Sensitivity in Hypertension: Variations in Red Cell Flux" |
| 3 | *4 | <u>Joanne R. Lupton, Ph.D.</u> , Texas A&M University, College Station, Texas - "The Protective Role of Calcium in Colon Carcinogenesis" |
| 6 | 4 | <u>Judith A. Marlett, Ph.D.</u> , University of Wisconsin, Madison, Wisconsin - "Improving Calcium Bioavailability in High Fiber Diets with Dairy Products" |
| 1a | 2 | <u>Velimir Matkovic, M.D., Ph.D.</u> and <u>Charles H. Chestnut III, M.D.</u> , University of Washington, Seattle, Washington - "Influence of Calcium on Peak Bone Mass, Part I: A Pilot Study" |
| 1b | 2 | <u>David A. McCarron, M.D.</u> , Oregon Health Sciences University, Portland, Oregon - "Calcium and Hypertensive-Cardiovascular Disease Research" |
| 4 | 1 | <u>Donald J. McNamara, Ph.D.</u> , The University of Arizona, Tucson, Arizona - "Cholesterol Metabolism in Infants and Toddlers: The Role of Dietary Fat and Cholesterol" |
| 8 | (5) | <u>R. L. Merson, Ph.D.</u> and <u>E. L. Barrett, Ph.D.</u> , University of California, Davis, California - "Improving Bacterial Quality Control in Milk by ELISA Monitoring of Metabolites" |
| 5 | *2 | <u>Jose R. Mestre, M.D.</u> , University of Alabama, Birmingham, Alabama - "Effect of Dietary Fat in the Treatment of Chronic Non-Specific Diarrhea of Infancy" |
| 5 | 2 | <u>Scott C. Miller, Ph.D.</u> , University of Utah, Salt Lake City, Utah - "The Role of Lactose in Promoting Skeletal Development, Growth and Remodeling" |

<u>A</u>	<u>B</u>	
<u>Res. Area</u>	<u>Fund. Key</u>	
1b	2	<u>R. Curtis Morris, Jr., M.D.</u> , University of California School of Medicine, San Francisco, California - "Nutritional Determinants of Disordered Calcium Metabolism in Hypertension"
5	(1)	<u>Davis N. Nathan, M.D.</u> , Harvard Medical School - Massachusetts General Hospital, Boston, Massachusetts - "The Role of Dairy Products in the Dietary Therapy of Insulin-Dependent Diabetes"
1a	1	<u>Eric S. Orwoll, M.D.</u> , V.A. Medical Center (Medical Research Foundation of Oregon), Portland, Oregon - "Prevention of Age-Related Bone Loss in Normal Men"
3	4	<u>Michael W. Pariza, Ph.D.</u> , University of Wisconsin, Madison, Wisconsin - "Anticarcinogenic Effects of Milk Components"
4	*2	<u>George M. Patton, Ph.D.</u> , Boston University, Boston, Massachusetts - "Effect of Dietary Fat on the Sources and Disposition of Serum Phospholipid Molecular Species in Miniature Swine"
1a	2	<u>Lawrence G. Raisz, M.D.</u> , University of Connecticut Health Center, Farmington, Connecticut - "Effects of Calcium on Bone Mass in Premenopausal Women"
3	1	<u>K. N. Rao, Ph.D.</u> , University of Pittsburgh School of Medicine, Pittsburgh, Pennsylvania - "Dietary Modification of Circulating Cholesterol Levels and the Induction of Cancer"
1b	2	<u>Howard Rasmussen, M.D., Ph.D.</u> , Yale University School of Medicine, New Haven, Connecticut - "Control of Vascular Smooth Muscle Contraction by Calcium-Regulating Hormones"
5	(1)	<u>Gregory J. Redding, M.D.</u> , University of Washington, Seattle, Washington - "The Effect of Milk Consumption, Activity and Suboptimal Hydration on Saliva Patterns of Athletes"
8	(5)	<u>David S. Reid, Ph.D.</u> , University of California, Davis, California - "The Effect of Polymers on the Growth and Recrystallization Kinetics of Ice"
1b	2	<u>John T. Repke, M.D.</u> , The Johns Hopkins University, Baltimore, Maryland - "The Preventive Role of Calcium Intake on Hypertension During Pregnancy"
1b	2	<u>Lawrence M. Resnick, M.D.</u> , Cornell University Medical College, New York, New York - "Calcium-Regulating

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Area Key

Hormones in the Diagnosis and Therapy of High Blood Pressure"

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| 8 | (5) | <u>Tom Richardson, Ph.D.</u> , University of California, Davis, California - "Use of Radiolabeled Whey Proteins and Caseins to Follow Thermally-Induced Interactions in Milk Systems" |
| 3 | *2 | <u>James L. Robinson, Ph.D.</u> and <u>Willard J. Visek, Ph.D., M.D.</u> , University of Illinois at Urbana-Champaign, Urbana, Illinois - "Assessment of Cancer Promotion by Orotic Acid" |
| 5 | (1) | <u>Daphne A. Roe, M.D.</u> , Cornell University, Ithaca, New York - "Effects of Light Exposure and Exercise on the Riboflavin and Vitamin A Requirements of Young Men" |
| 5 | *2 | <u>Daphne A. Roe, M.D.</u> , Cornell University, Ithaca, New York - "Effects of Age and Exercise on Riboflavin Requirements" |
| 1a | 1 | <u>Gary M. Rogoff, D.D.S., M.S.</u> , Tufts University School of Dental Medicine, Boston, Massachusetts - "Effect of Calcium and Vitamin D Dietary Supplementation on the Density of Alveolar Ridges in the Elderly" |
| 4 | *2 | <u>Lawrence L. Rudel, Ph.D., M.D.</u> and <u>Marvin L. Speck, Ph.D.</u> , Bowman Gray School of Medicine of Wake Forest University, Winston-Salem, North Carolina - "The Influence of Intestinal Lactobacilli on Blood Serum Cholesterol and Lipoproteins in Primates" |
| 7 | 2 | <u>Dennis A. Savaiano, Ph.D.</u> , University of Minnesota, Minneapolis, Minnesota - "Digestion of Fermented Dairy Products by Lactose Intolerant Individuals" |
| 5 | 2 | <u>Charles F. Schachtele, Ph.D.</u> , University of Minnesota, Minneapolis, Minnesota - "Evaluation of the Anticariogenic Potential of Cheese - Enamel Demineralization" |
| 5 | (1) | <u>Charles F. Schachtele, Ph.D.</u> , University of Minnesota, Minneapolis, Minnesota - "Inhibition of Cariogenic Bacteria by Components from Cheese" |
| 4 | 2 | <u>Barbara O. Schneeman, Ph.D.</u> , University of California, Davis, California - "Effect of Milk on Plasma High Density Lipoprotein Composition" |
| 3 | *4 | <u>Lewis G. Sheffield, Ph.D.</u> and <u>Clifford W. Welsch, Ph.D.</u> , Michigan State University, East Lansing, Michigan - "Influence of Dietary Milk Fat on Growth of Normal and Cancerous Human Breast Tissue: Comparison with Vegetable Fat" |

A B
 Res. Fund.
Area Key

- 8 *5 Charles F. Shoemaker, Ph.D., University of California, Davis, California - "The Rheological Characterization of Dairy Products"
- 5 *1 Douglas M. Simmons, D.D.S., University of Texas Health Science Center at Houston, Houston, Texas - "The Relationship Between Dietary Calcium and Dental Calculus Formation in Adults"
- 1b *2 Jean B. Smith, Ph.D., Purdue University, West Lafayette, Indiana - "Effect of Dietary Calcium on Platelet Aggregation: Association with the Development of Hypertension"
- 6 (5) Lloyd M. Smith, Ph.D., University of California, Davis, California - "Vitamin A in California Milks"
- 1b 2 James R. Sowers, M.D., Wayne State University, Detroit, Michigan - "Effect of Increasing Calcium Intake on Salt Sensitivity in Blacks"
- 6 2 Herta Spencer, M.D., V.A. Medical Center, Hines, Illinois - "Calcium Bioavailability from Various Foods (Including Dairy Foods)"
- 5 4 Robert D. Steele, Ph.D., University of Wisconsin, Madison, Wisconsin - "The Role of Milk Protein in the Nutritional Management of Chronic Liver Disease"
- 1a 2 William A. Stini, Ph.D., University of Arizona, Tucson, Arizona - "Consumption of Dairy Products, Exercise and the Retention of Bone Mineral in an Affluent Retirement Community"
- 1b 4 Forrest W. Thyre, Ph.D., Virginia Polytechnic Institute and State University, Blacksburg, Virginia - "Effect of Different Sources of Dietary Calcium from Dairy Products or Calcium Carbonate on Plasma Lipids and Lipoproteins, Mineral Utilization and Blood Pressure in Men"
- 1b (2) Forrest W. Thyre, Ph.D., Virginia Polytechnic Institute and State University, Blacksburg, Virginia - "Effect of Protein Source and Calcium Level on Plasma Lipids, Blood Pressure and Mineral Utilization in Men"
- 6 *1 Judith R. Turnlund, Ph.D., Western Human Nutrition Research Center, USDA, Presidio of San Francisco, San Francisco, California - "The Effect of Milk on the Bioavailability of Iron from Cereal Based Meals in Young Women"

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| 6 | *1 | <u>Trygve L. Veum, Ph.D.</u> , University of Missouri, Columbia, Missouri - "Bioavailability of Zinc in Nonfat Dry Milk and Soybean Protein" |
| 1b | 2 | <u>Frank F. Vincenzi, Ph.D.</u> , University of Washington, Seattle, Washington - "Dietary Calcium and Plasma Membrane Functions in Hypertension" |
| 3 | *4 | <u>Willard J. Visek, M.D., Ph.D.</u> , University of Illinois, Urbana, Illinois - "Carcinogenesis and Characteristics of the Colon with Different Sources and Quantities of Dietary Fat" |
| 1a | (2) | <u>Wiltz W. Wagner, Jr., Ph.D.</u> , University of Colorado Health Science Center, Denver, Colorado - "Skeletal Integrity and Diet in Female Runners" |
| 3 | *2 | <u>Michael J. Wargovich, Ph.D.</u> , University of Texas System Cancer Center, Houston, Texas - "Prevention of Colorectal Cancer in Animals by Dietary Calcium" |
| 6 | 4 | <u>Connie M. Weaver, Ph.D.</u> , Purdue University, West Lafayette, Indiana - "Calcium Bioavailability from Milk vs. Calcium Supplements" |
| 7 | *2 | <u>Randy L. Wehling, Ph.D.</u> , University of Nebraska-Lincoln, Lincoln, Nebraska - "Determination of Individual Folates and Folate Binding Protein in Selected Milk Foods" |
| 6 | *2 | <u>Richard J. Wood, Ph.D.</u> , The University of Chicago, Chicago, Illinois - "Effects of Milk and Lactose Modified Milk on Intestinal Zinc Absorption and Zinc Balance in Post-Menopausal Women" |
| 4 | *1 | <u>William K. Yamanaka, Ph.D.</u> , University of Washington, Seattle, Washington - "Milk-Based Recommended Diets on Blood Lipoprotein Profile" |

APPENDIX 8

PRODUCT RESEARCH AND DEVELOPMENT PROJECTS, 1986

Projects Funded by the National Dairy Promotion and Research Board

*Vigan K. Babayan, Ph.D. Harvard University	Use of Butterfat in Nutritional Support of the Hospitalized Patient
*David M. Barbano, Ph.D. Cornell University	Bovine Mastitis, Protease Activity and Their Quantitative Relationship to Cheese Yield
	Factors Influencing UF Flux During the Fractionation of Whole and Skim Milk for Cheese Manufacture
Carl A. Batt, Ph.D. Cornell University	Prevention of Bacteriophage Infection of Streptococcus Lactis Starter Cultures
*Rodney J. Brown, Ph.D. Utah State University	Measurement of Proteins in Milk and Dairy Products
*John C. Bruhn, Ph.D. University of California at Davis	Chemical and Microbiological Characteristics of Hispanic Cheese and Other Soft Cheese
	Effect of Processing, Distribution, and Retailing on the Vitamin Content of Milks
John C. Bruhn, Ph.D. University of California at Davis	National Workshop on Research Opportunities for the Dairy Foods Industry
California Milk Advisory Board and Dairy Research, Inc.	The On-Farm Ultrafiltration Project
James V. Chambers, Ph.D. Purdue University	Isolation of Milk Proteins From Surplus Nonfat Dry Milk (Conversion on Nonfat Dry Milk to Casein for Domestic and Export Use)
	Phase II: Scale-Up and Characteristics of Products
*Genevieve Christen, Ph.D. University of Georgia	Rapid Method for Predicting Keeping Ability of Milk Prior to Processing

*Administered by the Dairy Research Foundation of the UDIA.

*Maribeth A. Cousin, Ph.D.
Purdue University

Growth of Bacteria Used to Make
Dairy Products From Ultrafiltered
Milk

*A. Morrie Craig, Ph.D.
Oregon State University

Pyrrolizidine Alkaloids From
Groundsel Toxin in Milk

Dairy Research, Inc.

Research and Development of New Milk
Beverages, a High Calcium Milk
Drink, and Modified Butterfat
Products

*Paul S. Dimick, Ph.D.
Pennsylvania State
University

Nutrient and Flavor Quality of
Vitamin Fortified Skim and Lowfat
Milks Exposed to Fluorescent Light
During Commercial Distribution

*Faye M. Dong, R.D., Ph.D.
College of Ocean and
Fishery Sciences
University of Washington

Gamma-Irradiation Treatment of
Cheese and Dried Skim Milk for the
Diets of Immunosuppressed Patients

*Catherine W. Donnelly, Ph.D.
University of Vermont

Milk Clarification Versus
Filtration: Influence on Removal of
Intracellular *Listeria Monocytogenes*
and Subsequent Fate During
Pasteurization

Determination of Infectious Dose of
Listeria Monocytogenes Fed Orally to
Normal and Immunocompromised Milk

*William N. Eigel, Ph.D.
Virginia Polytechnic
Institute and State
University

Casein Determination by Enzyme -
Linked Immunosorbent Assay (ELISA)

Significance of the Major Naturally
Occurring Protein-Degrading Enzyme
in Bovine Milk

*Peggy M. Foegeding, Ph.D.
North Carolina State
University

Control of Bacterial Spores by Food
Preservation Processes

Peggy M. Foegeding, Ph.D.
North Carolina State
University

Involvement of Calmodulin in
Sprulation and Germination of
Dairy Spoilage Microorganisms

*Joseph E. Frank, Ph.D.
University of Georgia

Rapid Determination of Casein in
Milk Using Infrared Instrumentation

*Bonita A. Glatz, Ph.D.
Iowa State University

Development of Means to Improve
Dairy Starter Cultures Through
Genetics

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| *Donald C. Graham, Ph.D.
Cornell University | Pediococcus spp as Starter
Cultures for Cheese Manufacture |
| *Susan Harlander, Ph.D.
University of Minnesota | Reduction of Cholesterol in
Milk by Bacteria |
| David Hettinga, Ph.D.
Land O'Lakes and
University of Minnesota | Development of Uniquely Textured
Gourmet Cheese Products |
| | Development of Noncariogenic and
Anticariogenic Dairy Products |
| *Dwight C. Hirsh, Ph.D.
University of California
at Davis | Construction of a DNA Probe for
Listeria Monocytogenes |
| Paul S. Kindstedt, Ph.D.
University of Vermont | Effect of Mineral Content on Yield
and Functional Properties of
Mozzarella Cheese |
| *John E. Kinsella, Ph.D.
Cornell University | Development of Technical
Information That Will Expand the
Uses of Milk Proteins in Foods
and Industrial Products |
| | Factors Affecting the Kinetics
and Mechanisms of Acid Induced
Gelation of Casein: Gel Properties |
| | Controlling the Adverse Effects of
Heating to Expand the Use of Dairy
Powders in Foods |
| Todd Klaenhammer, Ph.D.
North Carolina State
University | Gene Transfer and Cloning Systems
for Lactobaccilli |
| *Jeffery W. Kondo, Ph.D.
Utah State University | Developing Genetic Engineering
Principles to Improve Dairy
Starter Cultures |
| | Genetic Basis for Agglutination
of Lactic Starter Cultures |
| *Michael Liewen, Ph.D.
University of Nebraska | Survival of Pathogenic Bacteria
in Concentrated Milk Products |
| *Daryl B. Lund, Ph.D.
University of Wisconsin | Reducing Cleaning Costs Associated
With Dairy Product/Processing by
Reducing Soiling of Surfaces |

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| *Elmer H. Marth, Ph.D.
University of Wisconsin | How a Disease-Producing Bacterium
(<i>Listeria Monocytogenes</i>) Behaves
in Milk and Milk Products |
| Larry L. McKay, Ph.D.
University of Minnesota | Cloning and Expression of
<i>Streptococcus Diacetylactis</i> WM4
Genes Coding for Bacteriocin
Production and Resistance |
| *S. Suzanne Nielsen, Ph.D.
Purdue University | Role of Natural Milk Enzymes and
Inhibitors in Heated Milk |
| *Norman F. Olson, Ph.D.
University of Wisconsin | Increased Flavor Levels in Cheese
Made from Ultrafiltered Milk |
| *John A. Partridge, Ph.D.
Michigan State University | Cleaning Milk and Whey Ultra-
filtration Systems |
| *Gary H. Richardson, Ph.D.
Utah State University | Selection of Best Lactic Culture
Strains for Optimum Body, Acid,
Flavor, and Yield Production in
Cheddar and Cottage Cheese, Butter-
milk and Sour Cream Manufacture |
| *Thomas Richardson, Ph.D.
University of California
at Davis | Modification of Caseins Using
Genetic Engineering to Eventually
Yield Novel Dairy Products |
| | Use of Radiolabelled Milk Proteins
to Quantify Thermally-Induced
Interactions |
| *Ronald L. Richter, Ph.D.
Texas A & M University | Do Starter Bacteria Affect Sulfur
Flavor and Aroma Compounds in
Cheddar Cheese? |
| *Syed S. H. Rizvi, Ph.D.
Cornell University | Supercritical Fluid Extraction
and Separation of Butterfat
Components |
| *Dennis A. Savaiano, Ph.D.
University of Minnesota | Development of Yogurt for
Milk Intolerant Persons |
| Marvin P. Steinberg, Ph.D.
University of Illinois | Availability of Water Bound by
Skim Milk Constituents for
Chemical, Physical, and
Biological Reactions |
| *S. R. Tatini, Ph.D.
University of Minnesota | Rapid Enumeration of Psychro-
trophic Bacteria (bacteria able
to grow at a reduced temperature)
of Commercial Raw Milk and Its
Influence on Cheese Yield |

*Charles H. White, Ph.D.
Mississippi State University

Improving the Flavor of Lowfat
Cheddar Cheese

Effect of Ultrafiltered Milks of
Different Composition and Quality
on Characteristics and Yield of
Medium-High Moisture Cheese

Wisconsin Milk Marketing Board/
University of Wisconsin

Controlling a Disease-Causing
Bacterium (*Listeria Monocytogenes*)
in Milk and Milk Products

*Edmund A. Zottola, Ph.D.
University of Minnesota

Sweet Water and Glycol Cooling
Systems as a Source of Spoilage
and Potentially Pathogenic Bacteria
in Milk and Milk Products

Microbial Interactions in the
Ultrafiltration or Reverse
Osmosis Treatment of Milk and
Milk Products

Projects Funded by the Dairy Research Foundation (UDIA)

*Todd Klaenhammer, Ph.D.
North Carolina State
University

Development of Lactobacilli for
Dairy Fermentation by Genetic
Engineering

*John Larkin, Ph.D.
Virginia Polytechnic
Institute and State
University

Factors Affecting Browning and
Protein Quality Changes
in Dried Whey Products

*Elmer H. Marth, Ph.D.
University of Wisconsin

Elimination of Aflatoxin M₁
From Milk

Safety of Milk Products - *Listeria*
Monocytogenes

*Larry McKay, Ph.D.
University of Minnesota

Genetic Engineering of Dairy Starter
Cultures

*Gary Reineccius, Ph.D.
University of Minnesota

The Evaluation of Off-Flavors
in Milk Using Instrumental Methods

*Harold Swaisgood, Ph.D.
North Carolina State
University

Development of a Rapid Analytical
Method of Significant Potential
Usefulness to Dairy Chemists,
Enzymologists, and Microbiologists

*K. R. Swartzel, Ph.D.
North Carolina State
University

Cleaning Associated with the
Deposits and Removal of Burned-on
Soil Occurring During Heating of
Dairy Products

*George Torrey, Ph.D.
South Dakota State
University

Food Preservation Occurring
Naturally in Semi-Soft Cheese

*James Vetter, Ph.D.
American Institute of Baking
Kansas State University

Utilization of Whey or Whey
Components as Food Ingredients

*Joseph J. Warthesen, Ph.D.
University of Minnesota

Improvement of Vitamin A Content in
Fluid Milk

Project Funded by Midland UDIA

*Earl G. Hammond, Ph.D.
Iowa State University

Improved Recovery and Utilization
of Whey Proteins

Project Funded by the Wisconsin Milk Marketing Board

*Robert T. Marshall, Ph.D.
University of Missouri

Accelerated Ripening of Cheese

APPENDIX 9

UNITED DAIRY INDUSTRY ASSOCIATION
MEMBER ORGANIZATIONS, 1986

Advertising and Promotion Agency,
Middle Atlantic Milk Marketing Area
216 Carroll Building
8600 LaSalle Road
Towson, MD 21204-6075
Tel.: 301-321-0266

American Dairy Association and
Dairy Council, Inc.
427 S. Salina Street, 6th Floor
Syracuse, NY 13202-2486
Tel.: 315-472-9143

American Dairy Association of
Illinois, Inc.
1 West Front Street
P.O. Box 116
El Paso, IL 61738-0116
Tel.: 309-527-4095

American Dairy Association of
South Dakota
619 Fifth Avenue
Brookings, SD 57006-1498
Tel.: 605-692-5131

Associated Milk Producers, Inc./
Southern Region
P.O. Box 5040
Arlington, TX 76005-5040
Tel.: 817-461-2674

Dairy Farmers, Inc.
P.O. Box 7854
Orlando, FL 32854-7854
Tel.: 305-647-8899

Maine Dairy Promotion Board
State House, Station #97
Augusta, ME 04333-0097
Tel.: 207-289-3621

Mid East United Dairy
Industry Association
110 S. Court Street
Marysville, OH 43040-1545
Tel.: 513-644-5080

Midland United Dairy
Industry Association
101 NE Trilein, Dairy Building
Ankeny, IA 50021-2098
Tel.: 515-964-0696

Milk Promotion Services, Inc.
381 Governor's Highway
South Windsor, CT 06074-2598
Tel.: 203-289-3383

Milk Promotion Services of Indiana
P.O. Box 50720
Indianapolis, IN 46250-0720
Tel.: 317-842-7133

Minnesota Dairy Promotion Council
2015 Rice Street
St. Paul, MN 55113-6891
Tel.: 612-488-0261

North Dakota Dairy Promotion
Commission
4023 N. State Street
Bismarck, ND 58501-0620
Tel.: 701-224-3134

Southeast United Dairy Industry
Association, Inc.
1777 Phoenix Parkway, Suite 101
Atlanta, GA 30349-5495
Tel.: 404-996-6085

United Dairy Industry of Michigan
3000 Vine Street
Lansing, MI 48912-4690
Tel.: 517-351-7370

United Dairymen of Arizona
2008 S. Hardy Drive
Tempe, AZ 85282-1211
Tel.: 602-968-7814

United Dairymen of Idaho
1365 N. Orchard, Suite 203
Boise, ID 83706-2289
Tel.: 208-334-4316

Utah Dairy Commission
1213 East 2100 South
Salt Lake City, UT 84106-2824
Tel.: 801-487-9976

Western Dairyfarmers' Promotion
Association
P.O. Box 33120
Thornton, CO 80233-0120
Tel.: 303-451-7721

Wisconsin Milk Marketing Board, Inc.
4337 West Beltline Highway
Madison, WI 53711-3815
Tel.: 608-271-1021

APPENDIX 10

UNITED DAIRY INDUSTRY ASSOCIATION
OFFICERS AND SENIOR MANAGEMENT, 1986

Office Address

Dairy Center
6300 North River Road
Rosemont, IL 60018-4289
Tel.: 312-696-1860

Officers of the Board of Directors

Chairman	J. Douglas Webb (Vermont)
First Vice Chairman	George L. Rydeen (Minnesota)
Second Vice Chairman (NDC)	Thomas V. Angott (Michigan)
Second Vice Chairman (DRINC)	Dowaine R. Giraud (Wisconsin)
Second Vice Chairman (ADA)	Raymond E. Johnson (New York)
Secretary	Ray S. Jones (Virginia)
Treasurer	William Thornton (Arizona)

Senior Management

Chief Executive Officer	Edward A. Peterson
Executive Vice President	Max F. Brink
Senior Vice President, Advertising and Marketing Services	Joseph B. Kelsch
Senior Vice President, Product/Process Research and Development	Anthony J. Luksas
Senior Vice President, Marketing and Economic Research	William F. McDonald
Senior Vice President, Finance and Administrative Services	Chester A. Ross
Senior Vice President, Nutrition Research and Nutrition Education	Elwood W. Speckmann

APPENDIX 11

AMERICAN DAIRY ASSOCIATION OFFICERS AND PROFESSIONAL STAFF, 1986

Office Address

Dairy Center
6300 North River Road
Rosemont, IL 60018-4289
Tel.: 312-696-1880

Officers

Chairman
Vice Chairman
Secretary
Treasurer

Raymond E. Johnson (New York)
John Rosenow (Wisconsin)
Edward Nierman (Missouri)
Leslie Winters (Minnesota)

Professional Staff

President
Vice President, Marketing Planning
Vice President, Marketing Services
Director, Advertising Services
Marketing Manager, Manufactured Products
Marketing Manager, Foodservice
Director, Food Publicity
Manager, Merchandising Programs
Manager, Promotion Programs

Joseph B. Kelsch
Stephen A. Dohrmann
Grover B. Simpson
Donna A. Arcus
Amy J. Truitt
Amy J. Truitt (acting manager)
Elizabeth G. Walsh
Larry A. Grunkemeyer
Robert M. Ebel

APPENDIX 12

NATIONAL DAIRY COUNCIL
OFFICERS AND PROFESSIONAL STAFF, 1986

Office Address

Dairy Center
6300 North River Road
Rosemont, IL 60018
Tel.: 312-696-1020

Officers

Chairman

Thomas V. Angott (Michigan)

Professional Staff

President
Vice President, Nutrition Education
Vice President, Nutrition Research
Director, Materials and
Program Development
Director, Graphic Design and
Production
Director, Program Services
Director, Research and Evaluation
Director, Nutrition Research
Grant Services
Director, Library and Records Center

Elwood W. Speckmann
Judy Brun
Emerita Alcantara
Beverly Becker

Richard Selover

John Conner
Mary Lewis
Philip Lofgren

Diana Culbertson

APPENDIX 13

AFFILIATED UNITS OF THE NATIONAL DAIRY COUNCIL, 1986

Associated Milk Producers, Inc.
Southern Region Consumer
Services/Headquarters Office

*Arlington, TX
Little Rock, AK
Ratcliff, AK
Wichita, KS
Albuquerque, NM
Oklahoma City, OK
Tulsa, OK
Memphis, TN
Amarillo, TX
Arlington, TX
Austin, TX
Corpus Christi, TX
El Paso, TX
Houston, TX
Midland, TX
San Antonio, TX
Sulphur Springs, TX

Dairy & Food Nutrition Council
of Florida, Inc.
*Orlando, FL

Dairy & Food Nutrition Council
of the Southeast, Inc.

*Atlanta, GA
Montgomery, AL
Macon, GA
Martinez, GA
Moultrie, GA
Savannah, GA
Evansville, IN
Lexington, KY
Louisville, KY
Paducah, KY
Columbia, MD
Jackson, MS
Charlotte, NC
Greensboro, NC
Bristol, TN
Chattanooga, TN
Knoxville, TN

Nashville, TN
Harrisonburg, VA
Norfolk, VA
Richmond, VA
Roanoke, VA

Dairy and Nutrition
Council - Mid East

*Marysville, OH
Canton, OH
Cincinnati, OH
Cleveland, OH
Columbus, OH
Dayton, OH
Toledo, OH
Youngstown, OH
Erie, PA
Pittsburgh, PA
Charleston, WV
Fairmont, WV
Wheeling, WV

Dairy Council, Inc.
*Thornton, CO

Dairy Council, Inc.
*Indianapolis, IN

Dairy Council, Inc.
*Waterloo, IA

Dairy Council, Inc.
*Syracuse, NY
Cedar Knolls, NJ
Arkport, NY
Binghamton, NY
Latham, NY
New York, NY
Poughkeepsie, NY
Wilkes-Barre, PA
Williamsport, PA

Dairy Council, Inc.
*Southampton, PA
Camp Hill, PA

*Headquarters office

Dairy Council of Arizona

*Tempe, AZ
Tucson, AZ

Dairy Council of California

*Sacramento, CA
Fresno, CA
Los Angeles, CA
Oakland, CA
San Diego, CA
Santa Ana, CA

Dairy Council of Central States, Inc.

*Ralston, NE
Lincoln, NE
Sioux City, IA

Dairy Council of Greater Kansas City

*Kansas City, MO

Dairy Council of Greater Metropolitan Washington, Inc.

*Bethesda, MD

Dairy Council of Michigan

*Birmingham, MI
Ann Arbor, MI
Battle Creek, MI
Flint, MI
Grand Rapids, MI
Okemos, MI
Traverse City, MI

Dairy Council of Niagara Frontier Area

*Buffalo, NY

Dairy Council of Northern Indiana, Inc.

*South Bend, IN
Fort Wayne, IN

Dairy Council of Rochester Area, Inc.

*Rochester, NY

Dairy Council of South Dakota

*Brookings, SD

Dairy Council of Utah

*Salt Lake City, UT
Boulder City, NV
Reno, NV

Dairy Council of Vermont

*Williston, VT

The Dairy Council of Wisconsin

*Elm Grove, WI
Appleton, WI
Eau Claire, WI
Madison, WI

Dairy, Food and Nutrition Council of Minnesota

*St. Paul, MN

Dairy Nutrition Council, Inc.

*Chicago, IL
Rockford, IL
Schaumburg, IL

Idaho Dairy Council, Inc.

*Boise, ID

Maine Dairy and Nutrition Council

*Augusta, ME

New England Dairy and Food Council

*Boston, MA
West Hartford, CT
West Springfield, MA
Worcester, MA
Bedford, NH
Cranston, RI

North Dakota Dairy Council Committee

*Bismarck, ND

Oregon Dairy Council

*Portland, OR

St. Louis District Dairy Council

*St. Louis, MO
Champaign, IL
Effingham, IL
Mahomet, IL
Murphysboro, IL
Peoria, IL
Springfield, IL
Columbia, MO
Springfield, MO

Washington State Dairy Council

*Seattle, WA
Spokane, WA

APPENDIX 14

DAIRY RESEARCH, INC. OFFICERS, MANAGEMENT, AND PROGRAM DIRECTORS, 1986

Office Address

Dairy Center
6300 North River Road
Rosemont, IL 60018-4233
Tel.: 312-696-1020

Officers

Chairman
Vice Chairman
Secretary
Treasurer

Dowaine R. Giraud (Wisconsin)
John Prestemon (Iowa)
Ronald Harris (New York)
Cliff Eidemiller (Idaho)

Management and Program Directors

President, Dairy Research, Inc.
Vice President, Dairy Research
Foundation, Inc.
Director, Research Programs, Dairy
Research, Inc.
Technical Director, DRINC Development
Laboratory

Anthony J. Luksas, Ph.D.
Joseph A. O'Donnell, Ph.D.
Alan R. Huggins, Ph.D.
Salah H. Ahmed

APPENDIX 15

MEMBERS OF THE THIRD NEW YORK STATE MILK PROMOTION ADVISORY BOARD

William Underwood, Chairman
Tully, NY
Member at Large

William Zuber, Vice Chairman
Churchville, NY
New York Farm Bureau

David Clements
Frankfort, NY
Eastern Milk Producers Cooperative Association

Merton Evans
Canton, NY
Allied Federated Cooperatives

Keith Handy
Fort Plain, NY
New York State Grange

Edward Hanehan
Stillwater, NY
Yankee Milk

Edward McNamara
Canajoharie, NY
Northeast Dairy Cooperative Federation

James Schotz
Wilson, NY
Niagara Frontier Cooperative Milk Producers Bargaining Agency

Thomas Snyder
Churchville, NY
Rochester Cooperative Milk Producers Bargaining Agency

Beriah Willson
Vernon Center, NY
Dairylea Cooperative

APPENDIX 16

MEMBERS OF THE FOURTH NEW YORK STATE MILK PROMOTION ADVISORY BOARD

William Underwood, Chairman
Tully, NY
Member at Large

William Zuber, Vice Chairman
Churchville, NY
New York Farm Bureau

David Clements
Frankfort, NY
Eastern Milk Producers Cooperative Association

Merton Evans
Canton, NY
Allied Federated Cooperatives

Keith Handy
Fort Plain, NY
New York State Grange

Edward McNamara
Canajoharie, NY
Northeast Dairy Cooperative Federation

Carl Peterson
Delanson, NY
Agri-Mark

James Schotz
Wilson, NY
Niagara Frontier Cooperative Milk Producers Bargaining Agency

Thomas Snyder
Churchville, NY
Rochester Cooperative Milk Producers Bargaining Agency

Beriah Willson
Vernon Center, NY
Dairylea Cooperative

APPENDIX 17

MEMBERS OF THE FIFTH NEW YORK STATE MILK PROMOTION ADVISORY BOARD

William Underwood, Chairman
Tully, NY
Member at Large

Beriah Willson, Vice Chairman
Vernon Center, NY
Dairylea Cooperative

Jane Gillette*
Turin, NY
Northeast Dairy Cooperative Federation

Keith Handy
Fort Plain, NY
New York State Grange

David Hardie
Lansing, NY
New York Farm Bureau

Stanley Korona
Amsterdam, NY
Eastern Milk Producers Cooperative Association

Francis Meehan
Northeast Dairy Cooperative Federation

Carl Peterson
Delanson, NY
Agri-Mark

John Proskine
Norwich, NY
Allied Federated Cooperatives

James Schotz
Wilson, NY
Niagara Frontier Cooperative Milk Producers Bargaining Agency

Thomas Snyder
Churchville, NY
Rochester Cooperative Milk Producers Bargaining Agency

*Replaced Francis Meehan as Northeast Dairy Cooperative Federation representative in 1985.

APPENDIX 18

AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL, INC.
OFFICERS AND PROFESSIONAL STAFF, 1987

Office Addresses

472 South Salina Street
Syracuse, NY 13202
Tel.: 315-472-9143

1853 East Third Street
Williamsport, PA 17701
Tel.: 717-323-2552

Officers of the Board of Directors

President
Vice President
Second Vice President
Secretary
Treasurer

Raymond Johnson
Allen Ostrander
David Hardie
Fred Epler
Paul Fishel

Professional Staff

Executive Vice President
Accounting Manager
Communications Director
County Promotion Coordinator
Dairy Food Publicity Director
Industry Relations Manager
Dairy Marketing Specialists
Consumer Promotions Manager

Brian Ward
Dave Tripp
Christine Meissner
Shirley Griffith
Ann Noble
Paul Nichols
Anne Marie Diverio,
Bruce Krupke, Nick Murphy
Michele Martens

APPENDIX 19

DAIRY COUNCIL, INC.
OFFICERS AND DIVISIONS, 1986

Office Address

472 South Salina Street
Syracuse, NY 13202
Tel.: 315-472-9143

Officers

President	Raymond Johnson
Vice President	Allen Ostrander
Second Vice President	David Hardie
Secretary	Fred Epler
Treasurer	Paul Fishel

Divisions

Dairy Council of Metropolitan New York
60 East 42nd Street
New York, NY 10165
Tel.: 212-682-7961

Dairy, Food and Nutrition Council
472 South Salina Street, Suite 101
Syracuse, NY 13202
Tel.: 315-475-2721

APPENDIX 20

DAIRY COUNCIL OF METROPOLITAN NEW YORK PROFESSIONAL STAFF, 1986

Office Address

60 East 42nd Street
New York, NY 10165
Tel.: 212-682-7961

Professional Staff

Executive Director	Arline Harris
Nutritionist	Donna Bernstein
Nutritionist	Andrea Gimesh
Nutritionist	Lauren Kluger
Nutritionist/Lifesteps Coordinator	Karin Mille
Nutritionist/Professional Projects Manager	Carole Schaffer
Nutrition Educator (part time)	Carol Ullo

APPENDIX 21

DAIRY, FOOD AND NUTRITION COUNCIL OFFICES AND COUNTIES COVERED

- | | |
|--|---|
| <p>1. Dairy, Food and Nutrition Council
 Ridgedale Avenue
 Cedar Knolls, NJ 07927
 Tel: 201-539-4670</p> | <p>Northern New Jersey</p> <p>Bergen Ocean
 Essex Passaic
 Hudson Somerset
 Hunterdon Sussex
 Middlesex Union
 Monmouth Warren
 Morris</p> |
| <p>2. Dairy, Food and Nutrition Council
 834 Front Street
 Binghamton, NY 13905
 Tel: 607-724-7598</p> | <p>Southern Tier</p> <p>Broome Schuyler
 Chemung Tioga
 Chenango Tompkins
 Delaware Yates
 Otsego</p> |
| <p>3. Dairy, Food and Nutrition Council
 R.D. 1, Box 223
 Ellis Hill Road
 Arkport, NY 14807
 Tel: 607-295-7222</p> | <p>Southwestern New York</p> <p>Allegany
 Cattaraugus
 Steuben</p> |
| <p>4. Dairy, Food and Nutrition Council
 Commerce Building
 678 Troy-Schenectady Road
 Latham, NY 12110
 Tel: 518-785-5441</p> | <p>Northeastern New York</p> <p>Albany Montgomery
 Clinton Rensselaer
 Columbia Saratoga
 Essex Schenectady
 Franklin Schoharie
 Fulton Warren
 Greene Washington</p> |
| <p>5. Dairy, Food and Nutrition Council
 316 Main Mall
 Poughkeepsie, NY 12601
 Tel: 914-452-5630</p> | <p>Mid-Hudson Area</p> <p>Dutchess Rockland
 Orange Sullivan
 Putnam Ulster</p> |

6. Dairy, Food and Nutrition Council
472 South Salina Street, Suite 101
Syracuse, NY 13202
Tel: 315-475-2721

Central New York

Cayuga	Madison
Cortland	Oneida
Hamilton	Onondaga
Herkimer	Oswego
Jefferson	Seneca
Lewis	St. Lawrence

7. Dairy, Food and Nutrition Council
1266 Laurel Run Road
Trailwood
Wilkes-Barre, PA 18702
Tel: 717-472-3648

Northeastern Pennsylvania

Lackawanna	Susquehanna
Luzerne	Wayne
Monroe	Wyoming
Pike	1/2 Columbia (to Berwick area)

8. Dairy, Food and Nutrition Council
1853 East Third Street
Williamsport, PA 17701
Tel: 717-326-7350

Northeastern Pennsylvania

Bradford	Sullivan
Lycoming	Tioga
Montour	Union
Northumberland	
Snyder	
1/2 Columbia	
(Bloomsburg area)	

APPENDIX 22

DAIRY, FOOD AND NUTRITION COUNCIL
PROFESSIONAL STAFF, 1986

Executive Director	Lorraine Weng Shafer	Syracuse, NY
Program Manager	Margaret Pettingell	Cedar Knolls, NJ
Program Director, Health Professional Planning & Development	Cecelia Maher	Cedar Knolls, NJ
Nutrition Consultant	Barbara Mulvaney	Cedar Knolls, NJ
Program Director, Educational Planning & Development	Kathleen Deady	Binghamton, NY
Nutrition Education Consultant	Helene Messner	Arkport, NY
Program Director, State Organizations	Grace Hilt Mack	Latham, NY
Program Director	Kathleen Wixted	Latham, NY
Program Director	Paige Killoran	Poughkeepsie, NY
Nutrition Consultant	Susan Johnson	Syracuse, NY
Nutrition Education Consultant	Jill Sarkodie-Mensah	Syracuse, NY
Manager, Consumer Information	Roxanne May	Syracuse, NY
Program Director	Virginia Corcoran	Wilkes-Barre, PA
Nutrition Consultant	Cathy Ferraro	Williamsport, PA
Nutrition Consultant	Pamela Rusnak	Williamsport, PA

APPENDIX 23

MILK FOR HEALTH ON THE NIAGARA FRONTIER, INC.
OFFICERS AND PROFESSIONAL STAFF, 1986**Office Address**

4085 Seneca Street
West Seneca, NY 14224
Tel.: 716-675-2802

Working Committee

President	James Schotz
Vice President	Peter B. Kehl
Secretary	Arthur Bennett
Treasurer	Donald Rudolph
Board Member	John Widger

Professional Staff

Executive Secretary	Ailene K. Olds
---------------------	----------------

APPENDIX 24

DAIRY COUNCIL OF THE NIAGARA FRONTIER AREA
OFFICERS AND PROFESSIONAL STAFF, 1986

Office Address

2451 Wehrle Drive
Buffalo, NY 14221
Tel.: 716-634-1080

Officers

President
Vice President
Secretary
Treasurer

Henry J. Kelter
James E. Schotz
Paul R. Kirsch
Arthur L. Bennett

Professional Staff

Executive Director
Assistant Director
Nutrition Education Consultant
Nutrition Education Consultant

Nancy B. Chrisman
Cheryl B. Lauth
Barbara J. Goldpenny
Mary P. Banigan

APPENDIX 25

ROCHESTER HEALTH FOUNDATION, INC.: OFFICERS AND PROFESSIONAL STAFF, 1986

Office Address

Room 106
900 Jefferson Road
Rochester, NY 14623
Tel.: 716-424-1950

Officers

President
Vice President
Secretary/Treasurer
Assistant Treasurer

William G. Zuber
Harry D. Lusk
Thomas Snyder
Harry D. Lusk

Professional Staff

Executive Secretary

Shirley J. Lloyd

APPENDIX 26

DAIRY COUNCIL OF ROCHESTER, INC. OFFICERS AND PROFESSIONAL STAFF, 1986

Office Address

Carnegie Place
247 North Goodman Street
Rochester, NY 14607
Tel.: 716-461-2880

Officers

President
Vice President
Secretary
Treasurer

Walter Kingston, Jr.
William G. Zuber
Joseph Wizeman
Harry Lusk

Professional Staff

Executive Director
Program Director and Communications
Specialist
Nutrition Education Consultant

Ruth Fischer

Martha Crawford
Lynn Panton

APPENDIX 27

WISCONSIN MILK MARKETING BOARD OFFICERS, MANAGEMENT, AND
PROGRAM DIRECTORS, 1986

Office Address

4337 West Beltline Highway
Madison, WI 53711
Tel.: 608-271-1021

Officers of the Board of Directors

President
First Vice President
Secretary
Treasurer
Vice President of Education
Vice President of Market Development
Vice President of Research

Dowaine Giraud
Fred Fisher
Sylvia Hemauer
Harland Rue
George Rau
Karyn Schauf
John Rosenow

Management and Program Directors

General Manager
Director of Finance
Director of Research and Education
Director of Market Development
Director of Producer and Industry
Relations/Executive Assistant to
the General Manager
Director of Consumer and Trade Relations

Will A. Dahl
Duane Veium
Leslie F. Lamb
J. Ricard Johnson
Michael Kawleski

Andrea Neu

APPENDIX 28

RESEARCH CONDUCTED BY THE DEPARTMENT OF AGRICULTURAL ECONOMICS AT
 CORNELL UNIVERSITY SPONSORED BY THE NEW YORK STATE MILK PROMOTION
 ADVISORY BOARD, 1979-1986

List of Publications on Economics of Dairy Product Consumption by
 Faculty and Staff of the Department of Agricultural Economics at Cornell
 University - January 1979 to date (listed chronologically according to
 date of publication).

1. THOMPSON, S. R. 1979. Economic Evaluation of Milk Advertising. *Journal of Dairy Science* 62(2):1026-1031. June.
2. THOMPSON, S. R. 1979. The Response of Milk Sales to Generic Advertising and Producer Returns in the Rochester, New York Market. *AE Staff Paper* 70-26. June. 13 pp.
3. STAVINS, R. N., and FORKER, O. D. 1979. Dairy Promotion in New York State, 1963-1979. *AE Res.* 79-17. September. 262 pp.
4. STAVINS, R. N., and FORKER, O. D. 1980. Dairy Promotion is a Multimillion Dollar Industry. *Hoard's Dairyman*, February 25, 1980. p. 258f.
5. STAVINS, R. N., and FORKER, O. D. 1980. These are the Issues Facing Dairy Promotion. *Hoard's Dairyman*, February 25, 1980. p. 149f.
6. KINNUCAN, H. W. 1980. Dairy Promotion Research at Cornell: What Have We Learned? September. 49 pp.
7. KINNUCAN, H. W. 1980. Promoting Dairy Products: The Nutrition Angle. Unpub. Cornell University. August.
8. KINNUCAN, H. W. 1981. The Temporal Allocation of Generic Advertising Expenditures in the New York City Market. Unpub. Cornell University. August.
9. KINNUCAN, H. W. 1981. Seasonality in Long-Run Advertising Elasticities for Fluid Milk: An Application of Smoothness Priors. *AE Res.* 81-9. July.
10. KINNUCAN, H. W. 1981. Performance of Shiller Lag Estimators: Some Additional Evidence. *AE Res.* 81-8. June.
11. FOIK, I. M. 1982. An Econometric Analysis of the Economics of Yogurt Advertising. MS thesis. Cornell University. January.
12. KINNUCAN, H. W. 1982. A Look at the Generic versus Branded Advertising Issue. Unpub. Cornell University. February.

13. KINNUCAN, H. W. 1982. Demographic vs. Media Advertising Effects on Milk Demand: The Case of the New York City Market. AE Staff Paper 82-5. March.
14. HALL, L. L. and FOIK, I. M. 1982. The Effectiveness of Generic versus Brand Advertising for Manufactured Milk Products - The Case of Yogurt. AE Staff Paper 82-4. April.
15. KINNUCAN, H. W. 1982. How Effective is Nonbrand Promotion of Dairy Products? Hoard's Dairyman, July 10. p. 897f.
16. KINNUCAN, H. W. 1982. Issues and Research Results Relating to Dairy Product Promotion and Advertising. Paper presented at the 46th Annual Meeting of the International Association of Milk Control Agencies, Fredericton, New Brunswick. July 27.
17. KINNUCAN, H. W. and FORKER, O. D. 1982. Seasonality in the Consumer Response to Milk Advertising: Implications for Milk Promotion Policy. AE Res. 82-29. September.
18. KINNUCAN, H. W. 1983. An Analysis of the Level and Dispersion of Retail Fluid Milk Prices in Twenty-four Upstate Markets and Eight New York City Markets. AE Res. 83-1. January.
19. KINNUCAN, H. W. 1983. Media Advertising Effects on Milk Demand: The Case of the Buffalo, New York Market. AE Res. 83-13. February.
20. Proceedings, 1983. "Increasing Milk and Milk Product Consumption: Issues for the 80s." AE Ext. 83-21. September. 110 pp. Includes papers by Kinnucan, Boynton, Novakovic, Zall, Bandler, Olson.
21. KINNUCAN, H. W. and FORKER, O. D. 1983. Will a National Dairy Promotion Program Reduce Dairy Surpluses? Dairy Marketing Notes, Summer. Vol. 2. Department of Agricultural Economics, Cornell University.
22. FORKER, O. D. and KINNUCAN, H. W. 1983. "Milk Marketing--On Promotion," North East Farmer, November. NEF Publishing Co., St. Johnsbury, Vt. pp. 10-11.
23. DRAY, D. E. 1984. An Economic Analysis of Household Cheese Purchases in New York City. MS thesis. Cornell University. January.
24. KINNUCAN, H. W. 1984. Input Substitution Elasticities for Selected Dairy Products with Implications for the Estimation of Derived Demand Elasticities. Presented at the Annual Meeting of the Southern Agricultural Economics Assoc., Nashville, Tennessee. February 4-8, 1984.
25. KINNUCAN, H. W. and FORKER, O. D. 1984. Will a Decrease in the Support Price of Milk Result in Lower Retail Prices for Dairy

- Products? Dairy Marketing Notes. Spring. Vol. 5. Department of Agricultural Economics, Cornell University.
26. KINNUCAN, H. W. and FORKER, O. D. 1984. Asymmetry in the Retail Pricing of Major Dairy Products with Implications for US Dairy Policy. AE Staff Paper 84-14. May. 25 pp.
 27. FORKER, O. D. 1984. Review: Management Challenges for the National Milk Promotion Program. Dairy Marketing Notes. Spring. Vol. 5. Department of Agricultural Economics, Cornell University.
 28. KINNUCAN, H. W. and FEARON, D. 1984. Econometric Measurement of the Sales Response to Generic and Brand Advertising of Cheese. AE Staff Paper 84-21. August.
 29. MALONEY, T. R. 1984. A Project Report. Dairy Product Promotion: An Educational Program. In partial fulfillment for the Degree of Master of Professional Studies (Agriculture), Department of Agricultural Economics, Cornell University. August.
 30. "Milk and Money." 1984. A 16mm. movie, produced by Thomas R. Maloney, Department of Agricultural Economics, Cornell University. August. Also available on video (VHS type) cassette tapes.
 31. BOYNTON, R. D. and BANDLER, D. K. 1984. Milk Use in New York State Public Schools. AE Staff Paper 84-27. November. 13 pp.
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 33. FORKER, O. D. 1984. (Abs.) Commodity Promotion Programs: What is the Return on Investment? American Journal of Agricultural Economics, 66(5):895. December. p. 895.
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 36. FORKER, O. D. 1985. Likely Impact of the National Promotion Program. Proceedings, Ninth and Tenth Southern Dairy Conferences, G. M. Jones, ed., Virginia Polytechnic Institute and State University, Blacksburg. July. pp. 96-97.
 37. FORKER, O. D. 1986. Evaluation of the National Milk Promotion Program in "Dairy Farming in the 1980's," Proceedings, 1986 Dairy

Days, Animal Science Mimeograph Series No. 91, Cornell University, Ithaca, NY. January. pp. 10-15.

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39. LIU, D. J., and FORKER, O. D. 1986. How Effective is Milk Promotion? Several Studies Evaluating Effects. New England Farmer, May. pp. 20-21.

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- _____. American Dairy Association Dairy Council of New York January-December, 1980 Media Plan. Chicago, IL, October 29, 1979.
- _____. American Dairy Association ADA & Dairy Council January-December, 1981 Media Plan. Chicago, IL, December 4, 1981.
- _____. 1982 ADA & Dairy Council Media Plan. Chicago, IL, November 12, 1981.
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